



Wallonie

EUROPE 2020 STRATEGY
WALLONIA'S CONTRIBUTION TO THE BELGIAN NATIONAL
REFORM PROGRAMME 2018

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1. INTRODUCTION

A new **Regional Policy Declaration** was adopted in July 2017, following the change of government in Wallonia. This declaration is based on four principles, namely transparency, participation, responsibility and performance. The underlying theme for the Government is improvement in both governance and the efficiency of public actions. The priorities established for the end of the legislature are job creation, innovation, the competitiveness of the Walloon economy, in particular SMEs, and high quality qualifications.

Furthermore, in January 2018, the Walloon Government adopted a **Walloon Investment Plan**, which provides for investments of more than five billion euros in different areas by 2024. This Plan is part of the National Strategic Investment Pact. In addition to the selection of projects, several texts and procedures will be improved to accelerate investments.

The following chapters set out the main measures adopted or being developed as part of the implementation of Government priorities, in line with the Country Specific Recommendations (CSR) and the objectives of the Europe 2020 Strategy.

2. RESPONSE TO THE COUNTRY SPECIFIC RECOMMENDATIONS

2.1. *Recommendation no 1: Consolidation and sustainability of public finances, tax reform*

Budgetary consolidation

For its first financial year, the new Government wanted to **review the budget path** and rebalance the budget sooner than originally forecast.

In ESA terms, the nominal balance - excluding the impact of the revision of the autonomy factor - is set at -€217 million in 2018 (initial budget, instead of -€317 million under the previous majority) at -€180 million in 2019 and at 0 in 2020. This path is purely indicative at this stage and based on the forecasts for the macro-economic parameters known during the budget conclave. The formal path will be put forward when the stability programme is updated, with reference to the Cooperation Agreement of 13 December 2013.

The 2018 budget will include a prudential buffer mechanism of €31 million. The Government has also reduced the gap between the growth of income and expenditure. This discrepancy was -€17 million in the initial 2018 budget, its lowest level since 2014.

A new tax reform came into force in 2018 (see below); its aim is to reduce the tax burden on households and increase home ownership. The Government is expecting positive feedback effects on growth following the increase in household purchasing power. To meet the commitments of the Regional Policy Declaration, this reform will not be funded by new taxes, but rather by a series of structural measures in terms of both income and expenditure.

The main measures with a positive impact on income can be found in the following table:



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Table 1: Principal new income in the initial 2018 budget

<i>Measures</i>	<i>Structural or one-shot</i>	<i>Budget impact (€ millions)</i>
Dividends from public businesses	Structural	30
Fight against road rage	Structural	12
Adaptation of the tax on surface water intakes for industrial activity	Structural	8
Sales of public assets	One-shot	5
Fight against fraud and optimisation of tax collection	Structural	45

The main expenditure-saving measures can be found in the following table:

Table 2: Principal expenditure-savings measures in the initial 2018 budget

<i>Measures</i>	<i>Structural or one-shot</i>	<i>Budget impact (EUR millions)</i>
Savings in SPW and PAU operating costs	Structural	-24.7
Non-indexing of PAU provisions	Structural	-18.7
Savings in governance and office costs	Structural	-2.5
Abolition of optional subsidies	Structural	-5
Reduction in allocation of funds from provinces	Structural	-7.5
Rationalisation of employment subsidy system	Structural	-20
Adjustment of skilled positions	Structural	-2
Active debt management	Structural	-25

There have also been savings not listed in the table above, e.g. the non-indexing of primary balance expenditure. Structural measures such as operating savings will be strengthened for future financial years. Furthermore, the public transport sector has not been affected by these savings measures due to future challenges relating to mobility and its growing importance.

In general terms, expenditure has been refocused by making the priorities governance, public efficiency and the prime importance of the Region's needs. The Government has also guaranteed resources for structural economic recovery policies, such as the Marshall Plan 4.0, European co-financing and the Infrastructures Plan (public transport, waterways, etc.). A new Investment Plan has also been developed for the coming years.

With regard to **debt**, the Government is creating a Walloon Agency to make the management of Walloon debt more dynamic and optimise the debt burden. Using the excess cash of several Walloon bodies will also help to address the Region's financing needs. As in 2017, Wallonia has decided to continue with the write-off of its historic FADELS debt (€160 million) in order to enjoy the market's current low interest rates.

Furthermore, the Government wants to rationalise its financial and economic tools to make them simpler and more effective. It also wants to give a greater role to the Monitoring Committee by increasing its prospecting input.



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The public service will be energised through greater personnel mobility between the local authorities, the Region and the different public administration units (PAU), the creation of an in-service training unit and the revision and objectivisation of the civil servant assessment process. The number of public structures will be reduced and PAU mergers will be introduced to make economies of scale.

Table 3 lists the objectives set by Wallonia for 2017 and 2018, together with income, expenditure and ESA adjustments.

In view of the adjustment of the autonomy factor as set out by the Special Finances Act in 2018, a negative adjustment of -€458.6 million is planned as "other ESA adjustments". However, this one-off impact, which is purely the result of a transfer between Entity I and Entity II, is neutralised in the final ESA financing balance as presented here.

On the basis of an under-use of credits estimated at €265 million, the financing requirement, excluding PAU cash pooling, amounts to €834.5 million.

Table 3: Financing balance objectives for the Walloon Region in 2017 and 2018 (in € thousands)

	2017 initial	2017 adjusted	2018 initial
Revenues	12,272,191	12,570,701	12,556,879
<i>Net SLF revenues</i>	5,203,501	5,187,669	5,222,541
<i>of which tax expenditure deducted from the contribution</i>	-775,669	-782,881	-752,423
<i>'Sainte Emilie' revenues</i>	3,454,465	3,483,372	3,521,110
<i>Miscellaneous revenues</i>	247	280	319
TOTAL 6th reform	8,658,213	8,671,321	8,743,970
<i>Resources from the regional level</i>	3,254,650	3,376,902	3,293,471
<i>Transfer from the Wallonia-Brussels Federation (WBF)</i>	359,328	362,478	359,438
<i>Lending products (FADELS operation)</i>	0	160,000	160,000
Expenditure	13,354,688	13,610,851	13,656,411
Gross balance to be financed	-1,082,497	-1,040,150	-1,099,532
Debt write-offs	18,681	16,998	18,837
Net balance to be financed	-1,063,816	-1,023,152	-1,080,695
ESA adjustments	746,587	705,934	405,083
<i>Balance of the scope of consolidation</i>	109,239	249,133	187,540
<i>Underutilisation of credits</i>	234,000	252,500	265,000
<i>Granting of credit and shareholdings net amounts</i>	340,907	148,907	335,557
<i>SWAP</i>	71,099	62,400	62,400
<i>Other adjustments</i>	-8,658	-7,006	-413,970
<i>Buffer</i>			-31,444
ESA balance of financing	-317,229	-317,218	-675,612
Outsourcing of asylum/radicalism/safety	17,251	17,251	
Impact of autonomy factor			458,612
ESA balance of financing (including impact of autonomy factor)	-299,978	-299,967	-217,000
ESA balance of financing (including impact of autonomy factor and excluding buffer)	-299,978	-299,967	-185,556
Government objective	-300,000	-300,000	-217,000

Tax

The **tax reform** was adopted by the Government at its 3rd reading on 1 December 2017 and entered into force on 1 January 2018. This reform provides for a series of measures:

- the abolition of the TV licence fee in 2018;
- the total exemption of the family home for the surviving legal spouse or cohabitant during succession;



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- the introduction of a €20,000 reduction scheme on the tax base of the registration fees for the first property that will become the main residence of the person liable;
- the reduction of registration fees for property donations;
- the abolition of the 12.5 to 15% increase in registration fees from the 3rd property owned. The aim of this measure is to boost property investment;
- the improvement of tax collection and recovery to make them more efficient and reduce tax arrears as much as possible;
- the modification of the annuity mechanism to make it more viable and attractive;
- the tax rates on paramotors and drones is also adjusted so that they are taxed at the same rate as traditional airliners;
- modifications are made so that the administration can manage tax in a simpler, more pragmatic way, resulting in more efficient and effective collection that will increase the feeling of tax fairness.

Two important points have been brought into compliance with European requirements:

- an extension of the exemption from inheritance tax as mentioned in Article 54 of the Inheritance tax code to include transfer duty on death. This avoids discriminatory treatment between heirs of deceased residents and non-residents of the Kingdom.
- the modification of the Decree of 16 July 2015 introducing a **per-kilometre toll** for the use of roads by heavy goods vehicles brings it into line with a requirement of the European Commission, which reproached Belgium for allowing abnormally high fines compared to neighbouring countries as a result of its three regions.

The per-kilometre charge for vehicles over 3.5 tonnes in Belgium brought in €832 million between 1 April 2016 and June 2017, including €295 million for Wallonia. More than half of this revenue came from lorries registered overseas. Polish (15%), Dutch (11%) and German (10%) HGVs were the most numerous. Belgian lorries represent 19% of the vehicles fitted with OBUs (126,000) and pay less than half of the revenue collected, or 46%. The next biggest contributors are the Netherlands (10.9%), Poland (9%) and Romania (5.8%).

Wallonia decided to add 33 kilometres of toll roads in 2017 following an assessment of the network subject to the per-kilometre toll. A socio-economic monitoring study of the per-kilometre toll for lorries was carried out in Wallonia and found that some sectors, including low-value merchandise (sand, aggregate, milk) were more affected than others. Monitoring the data from the per-kilometre toll also showed a rapid increase in the number of lorries moving towards Euro 6 standard (currently 45% of km travelled).

Sustainability of public finances

The Government continued with a series of reforms to ensure the transfer and financing of different skills.

The **reform of the financing mechanism for hospital infrastructures** was definitively concluded with the adoption of the executory decision at its last reading on 20 July 2017. The aim of this decision is to clarify the resources available for optimal hospital management, promote the improved use of public money and maintain an environment conducive to high quality healthcare. As the amounts paid via federal funding have decreased year on year, Wallonia will use the new mechanism to increase funding for hospital infrastructures by gradually providing the resources required for investments in quality healthcare. The investment capacity will ultimately be €430 million a year. In view of the gradual 25%



reduction in bed numbers, this amount will increase to €322.5 million once it reaches stability. A call for projects will soon be launched to prepare a new construction plan.

In addition, the first **Agence pour une Vie de Qualité (AViQ - Agency for Quality of Life) management contract** was approved in June 2017 for a five-year term. This contract sets out the tasks assigned to the AViQ and its main objectives, obligations and commitments. To ensure budget control, the Agency is monitored by a financial and budgetary monitoring council, which is consulted before new contracts are agreed, is involved in preparing the budget and regularly assesses the Agency's resources; it is also monitored by an independent audit committee.

Lastly, the Walloon Government approved a memorandum outlining the forthcoming **Wallonia autonomy insurance**, which is due to enter into force on 1 January 2019. Autonomy insurance will have two components: the financing of home help at any age and, for people aged over 65 who have lost their autonomy, the right to a fixed allowance regardless of their place of residence. The total budget is set at €416 million.

2.2. Recommendation no 2: Ensure that the most disadvantaged groups, including those with a migrant background, have access to high quality education, skills training and the employment market.

The **reform of employment aids** has been in force since 1 July 2017, following the approval of the executory decision in June 2017. The reform is aimed at young people aged under 25, long-term job-seekers and employed and unemployed workers aged over 55. A 'working allowance' (degressive and deductible) is paid to employers for job-seekers in the target groups, namely young people aged under 25, the job-seeker who has been unemployed for over 12 months and people aged over 55. The reform also targets job-seekers and workers aged over 55, for whom there is a reduction in contributions. A reform of the financial incentives for supporting employment in the commercial sector (SESAM system) and of APE employment aids is currently underway.

The Inter-Ministerial 'Employment' Conference on 28 February reached an agreement in principle on granting **temporary 'non-mobilisable' job-seeker status** so that people suffering medical, mental, psychic and psychiatric problems can be treated differently.

In December 2017, the Walloon Government decided to strengthen the systems that form the **integration pathway** in order to improve **the integration of people of foreign origin**. This decision is reflected in a draft decree approved on first reading on March 22, 2018. The objectives are to improve efficiency and increase the number of beneficiaries from 2,500 to 3,500 people a year. The supplementary annual budget granted to the integration pathway, in a full year, is estimated at €7,950 million, which brings the overall annual budget of the integration route to more than € 21 million, including the socio-professional integration of migrants.

Various improvements will be made to the system:

- increase in the number of hours' training in French and citizenship;
- revision of the list of planned exemptions, to increase the number of people covered by the obligation;
- improvement in the level of experience of the various trainers;
- consideration of unaccompanied foreign minors, in collaboration with the French Community and the Federal Government;



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- greater collaboration between the municipalities and the Regional Integration Centres (RIC) to accelerate contact between newcomers and their local Regional Integration Centre. The national register will be accessible to the administration and the Centres will be informed sooner of any sanctions.

Moreover, a **collaboration agreement was concluded between FOREM and FEDASIL** to improve and increase the speed at which migrants become active on the employment market. FOREM and FEDASIL will run an information campaign in reception centres to make asylum-seekers aware of their services. FOREM will also organise information sessions about its services and about the employment market. FEDASIL will include the structured distribution of information on FOREM services in the support it offers asylum-seekers; first when they arrive at the centre, then when they meet the conditions for obtaining an employment visa, and lastly when they obtain a residence permit.

We should also stress the fact that FOREM is a partner in an **INTERREG V France-Wallonia-Flanders (AB Refugees)** project to support an integration pathway for refugees; it includes skills training, job coaching and employment.

To promote **diversity in businesses' human resources policies** and combat recruitment discrimination, a wide-ranging information campaign (website, social networks, flyers, conferences, etc.) was launched in 2017 as part of the "**Diversity in Wallonia**" project (co-financed by the ESF). The project is being implemented in close collaboration with the Regional Integration Centres.

As far as training is concerned, the **reform of dual training** has allowed the introduction of a joint dual training contract for dual training organised by Education (CEFA) and that organised by vocational training (IFAPME) and the adoption of common Walloon financial incentives (the latest incentive, aimed at operators, was adopted in June 2017). The Walloon Government has set itself the objective of developing sectors of excellence in dual training to increase its appeal and relevance. The roles of the recently created Office Francophone de la Formation en Alternance (OFFA - Francophone Dual Training Office) are to provide better management of dual training, greater promotion of this form of learning, which is a very efficient vehicle for integration, and improved management of internship places. The work of the Skills Education/Training/Employment centres aims to make training provision more suited to the skills requirements in a given territory, whilst also improving the consistency of this training provision.

In addition, with regards to CVET, the dispensations for job-seekers wanting to undertake dual training were relaxed in the ministerial circular of 24 July 2017.

The **Walloon "Accessibility" Plan** will support the adaptation of the services provided by FOREM and IFAPME to meet the needs of people with disabilities.

A budget of €10 million has been assigned to the **renovation of IFAPME training centres** under the Walloon Investment Plan.

2.3. Recommendation no 3: Boost investment in knowledge capital and increase competition in the network industries and services sectors

Innovation

Updating the **regional innovation strategy** is a key part of Marshall Plan 4.0. In this context, the guidelines adopted by the Walloon Government in its smart specialisation strategy (S3)



have been implemented and broken down into the different RDI support tools. They involve ensuring that regional efforts target the driving forces of its development, in line with the regional clustering policy. The focus is primarily on marketing, technology transfer, non-technological innovation, the creative economy, the use of ICT, etc. S3 was designed as an evolving process, and its implementation will therefore be continued and improved. In particular, as Wallonia was selected as a **pilot region for industrial transition** by the European Commission in December 2017, it will receive specific support in 2018 to boost its industrial transformation based on its smart specialisation strategy.

In the context of the S3, the Government has continued to implement the **Competitive Cluster Policy**. Twenty projects were funded during calls 19 to 21 for a public budget of €40 million and total investment of €65 million. The structuring of training provision in response to business needs is ongoing. The MECATECH and BIOWIN Clusters have joined with other regional stakeholders to launch the **MEDTECH Wallonia** initiative, which aims to support start-ups and businesses working in medical technologies. This initiative is part of more global cooperation with the other Belgian regions based around a Medtech Accelerator, whose activities will begin in early 2018. The four-month programme will involve the provision of experts to tackle the main challenges involved in developing entrepreneurship in the sector: development of a business model, IP, regulatory obligations, payments, etc.

Also within the context of the S3, a **new 'Win2Wal' programme** was launched in 2018. Its aim is to boost strategic research in universities, colleges and their associated research centres in one of the fields selected in the smart specialisation strategy, downstream of fundamental research and upstream of the projects identified by Walloon businesses. The 2018 call has a budget of €8 million.

The Government has also decided to introduce a **strengthened, integrated system for the commercialisation of university and high schools research in Wallonia**. An annual budget of approximately €5 million will be dedicated to this system. This concept will allow an exchange of information on research projects between the Universities, Colleges, Clusters and administrations. The objective is twofold: to increase the amount of knowledge and technology transferred and to decrease the time required for the transfer process. Within this system, an accompanying committee will aim to analyse the reasons for non-valorisation. A second body will serve both as an adviser to the Minister of Research on resolving intellectual property disputes and as a potential mediator in case of conflict over technology transfer issues.

In November 2017, the Government also decided to **extend the CXO measure**. This measure facilitates access to highly qualified personnel by supporting the appointment of a CXO (CEO, CFO, COO or other), business developer, entrepreneur in residence or other business management professional. The measure therefore helps spin-offs, spin-outs and innovative companies to obtain the resources they need to boost their success. It can also be accessed by 'orphan' projects, i.e. research projects that have concluded or are currently concluding with usable results at industrial level, but for which no operating structure has been identified.

The Government has also continued to implement the **Wallonia Creative Programme**. The recent actions to develop new forms of innovation include the granting of a €4.4 million budget for a new call for 'creative hubs' projects (as part of the ERDF PO). These resources supplement the equipment required for Fab Labs (3D printer, laser cutting, etc.), generalise the design element in the development of future products and services and support the management of the hubs. These new projects will focus as far as possible on cultural and creative industries (CCI). Nine hubs are now operational in the territory and have been allocated a total budget of €50 million. Furthermore, the Government decided to continue the



"Living Labs in Wallonia" process following the pilot phase launched in 2013 and the positive results obtained by the two pilot projects. The aim is to create a sustainable Business Plan to ensure the durability of the projects (two pilot projects and two up-and-coming projects).

With regard to the **digital transformation of Wallonia**, the implementation of the **Wallonia Digital Plan** has continued. As a reminder, this is an integrated strategy that covers the various relevant areas: connectivity of the region, digital economy and industry 4.0, administration 4.0 and digital skills. It has a total budget of €503 million, financed through ordinary regional budgets, the Marshall Plan 4.0 and ERDF.

Progress can be seen in several areas in 2017-2018, particularly **smart cities**. A 'Smart Region' Charter was adopted in September 2017. This is part of the general objective of the digital transformation of Walloon towns and municipalities, which will include open, multi-service mobile applications for citizens. It must also serve the interests of Walloon towns and municipalities by making it easier to identify market stakeholders that share its principles and values. The aim is to encourage market stakeholders to commit to voluntarily respecting a series of principles and values consistent with the development of the Smart Region for the benefit of Walloon citizens, as defined in the Digital Wallonia Strategy. In addition, in June 2017 the Walloon Government approved a portfolio of 30 Wal-e-cities for a total of €20 million (co-financed by the ERDF). Technological tools will be developed through the portfolio and are based on a data repatriation infrastructure, attested by urban furniture and public lighting. The infrastructure will use innovative (Light Sensory Networks, low-bandwidth networks) and existing (urban Wi-Fi, 4G, etc.) telecommunications networks to create a link between the internet of things and a community of users, whether they are citizens, businesses, public operators or solutions providers. The portfolio comprises a cross-cutting technological project and four thematic projects (Urban mobility, Energy and environment, Transparent data exchange market within urban governance and Urban environment and citizen well-being) that are directly linked to the needs of citizens. A final cross-cutting project, "Economic assessment and transfer to the Walloon industrial fabric" (ECO) completes the portfolio, ensuring that Walloon businesses benefit directly from this technological progress. This project consists of activities linked to needs analysis and technological development to adapt R&D and guarantee that technology is transferred to the economy.

New joint Walloon and French Community legislation on **Open Data** was adopted in July 2017. Its aim is to make public administrations' data available to everyone in digital format so it can be easily re-used by citizens, businesses or even administrations.

Connectivity has been identified as a major factor of attractiveness of the territory with two priority objectives: the development of very high bit rate (THD) and coverage of areas with little or no connection, the white areas. After the academic campuses and the hospitals, the deployment of the THD continues within the framework of the GigaRegion with a particular attention for the schools and, especially, for the zones of economic activities (ZAE). A project for the development of optic fiber in Walloon ZAEs is being studied within SOFICO (infrastructure manager) while one of the Walloon Investment Plan (WIP) measures will support this plan, in facilitating the installation of fiber in ZAE exclusively located in white areas. Another action in favor of these, the continuation of the agreement Tax on Pylon (ToP) which consists in establishing a legal and fiscal framework stable and favorable to the deployment of mobile telephony networks. In return, the three mobile operators have committed to invest €60 million over three years, in addition to the investments originally planned for this period and with a particular focus on areas with little or no connection. The



publication of the first concrete results and progress in this area should take place by mid 2018.

A number of initiatives are targeting the **development of start-ups**. The Walloon Government therefore wants, in the continuity of the Start-up Wallonia measure, to focus, specialize and align existing organizations and initiatives in charge of the digital ecosystem animation and the development of the digital sector. This is to improve the legibility of the digital landscape and Wallonia, but above all, to significantly increase the effectiveness of private and public actions and initiatives. Based on the good results obtained by the W.I.N.G. fund, €6.8 million of funding has been provided to guarantee more support. After two years of activity, 367 dossiers have been submitted and 67 favourable decisions have been made, 50 of which received funding, for a total of €6.92 million (€4.2 million of which has already been released for 41 start-ups). What's more, SOFINEX is launching a new €5 million fund exclusively reserved for helping ICT start-ups set up overseas; the first mission is targeting Silicon Valley. It should also be noted that an Interactive Digital Center (IDC) was created as part of a partnership between a private company and SRIW; it is dedicated to virtual and augmented reality and has capital of €9.7 million. It will be a training centre and a showroom and will develop industrial applications likely to lead to the creation of start-ups.

Work has also continued to ensure the **deployment of digital technologies within businesses**. This means that as part of the 'Made Different Wallonia' project launched in January 2017, +/- 350 businesses have been given information through activities organised by the partners; more than 120 businesses have been approached to carry out an in-depth analysis of their situation; more than 60 businesses have carried out or are carrying out a digital maturity assessment or an in-depth scan to identify the gap between their situation and their objectives. On March 20, 2018, an event for companies under the theme "Made different – Factories of the future" was organized and brought together more than 400 participants. It allowed to show new techniques of robotics, virtual reality, automation of chains to companies, but also to the universities that sent on the spot 150 students in professions related to Industry 4.0.

A NWOW-SME platform was launched in November 2017. It is aimed at SMEs wanting to embark on the NWOW adventure, enhance existing practices or develop new ones. The platform aims to support them in professionalising their management methods, give them advice and tools for reflection in implementing initiatives such as remote working, collaborative teams, shared workspaces and participative management. It should also be noted that following the call for projects in February 2017, the Government selected 13 rural co-working space projects in December 2017, for a total budget of €1.25 million. These projects will offer a perfectly equipped business space, a programme of training courses, conferences and workshops to develop users' skills and knowledge and assistance in creating links between a community of co-workers and with local partners. This initiative is in line with the positive results of the coworking action initiated since 2012 and aims to develop the networking of coworking spaces throughout the Walloon territory through the Coworking|Digital Wallonia network.

Lastly, with regard to the development of **skills**, the organisation of the DigitalWallonia #EdTechForum provided an update on current and future trends in the digital transformation of jobs; this will feed into deliberations on the changes that need to be made to the training provision. Vocational training operators in Wallonia have all developed a digital plan that includes the development of the new ICT training courses required by the employment market and the acquisition of educational materials.

Work targeting young people and education will also continue. As part of the investment plan for Digital Schools, 396 projects have been selected in schools with a total of 500 packs of



material installed, for a budget of €5.7 million. The 2018 call for projects has just been closed and as of next year, 500 new packs will equip schools with computer and digital equipment. A call for projects is also planned for 2019, the aim being to equip new schools every year with modern, attractive equipment so that both teachers and their students are well equipped. New coding awareness initiatives have also been launched. On the one hand, operation #WallCode Digital Wallonia 2017 aims to inform teachers and students about IT sciences, algorithmic logic and programming languages by offering coding training to students and training in IT sciences for teachers. On the other hand, the Coder Dojo initiative launched in 2018 offers free programming workshops (practical courses), prepared and given free of charge by young boys and girls aged 7 to 18. The aim is to give children a fun taste for technologies, programming and algorithms at an early age.

Lastly, as part of the fight against the digital divide and the acquisition of basic digital skills by all citizens, Wallonia wanted to strengthen the network of Public Digital Spaces (EPN) by organizing, in particular, support for the digitalisation of banking services. In collaboration with the banking and financial sectors, the objective is to support the least connected and / or digital-using public in the transformation of banking services. It is also a response to the closure of bank branches that mainly affects rural areas and working-class neighborhoods.

Competition in the service sectors

With regard to **regulated professions**, the Decree that transposes Directive 2013/55/EU in Wallonia is the Decree of 12 July 2017 (published in the Belgian Official Journal in September 2017) modifying the law of 12 February 2008 introducing a new general framework for the recognition of professional qualifications for regulated professions. This Decree transposes the Directive and resolves dispute n° 2016/0164 regarding the competences of Wallonia.

Discussions have begun with the different professional sectors to see how they can best adapt to the European "professional qualifications" Directive and modernise access conditions whilst protecting consumers and promoting the profession and training. These deliberations are being carried out in two areas: a basic knowledge of management and specific professional qualifications.

Furthermore, the profession of travel agent has been completely unregulated in Wallonia since 1 January 2018 (the Decree repealing the Decree of 22 April 2010 defining the status of travel agencies was published in the Belgian Official Journal on 28 June 2017); there will be no further access to this profession.

With regard to the retail trade, the **assessment of the Decree on commercial establishments** has been completed. The assessment work was based primarily on the dossiers studied within the Administration, as well as on surveys of stakeholders (promoters, geomarketing businesses, legal advice, etc.). This assessment mainly concerns:

- the analysis of the practicability of the texts and the problems encountered by both the Administration and the parties involved in the reform;
- the impacts and challenges linked to the 2,500 m² threshold and a hypothesis of lowering it to 1,000 m² or raising it to 4,000 m².
- the human and material aspects of the decree.

Conclusions and recommendations were formulated on this basis, particularly regarding the modification of the texts. The final report is currently being analysed, with an in-depth study of the noted strengths and weaknesses, so that the decree can be improved.



Moreover, **the updating of the regional commercial development plan (SRDC)** is scheduled for late 2018. This will establish a global vision of what commerce should be like in Wallonia. General implementation measures and recommendations will be issued (general scale for all Wallonia's municipalities), based on the assessment and the conclusions of the development scenarios.

A detailed document will be created for all the municipalities in Wallonia and will include a map representation of the state of trade, a description of the main commercial elements present, a reminder of the assessment and concrete recommendations fully in line with the criteria for issuing commercial establishment licences and integrated permits. This direct representation in terms of issuing criteria, and thus in terms of the "Services" Directive, will provide direct justification of the acts and make it easier to understand for citizens, municipal and regional stakeholders and developers.

Network industries

The Walloon Government has launched an **in-depth reform of the governance of energy distribution network managers (GRD)**. The draft decree was adopted in February 2018 at its 2nd reading. The reform has a number of objectives:

- to simplify the structure of GRDs to improve control;
- to ensure that control of network managers is taken over by public and local shareholders;
- to create greater independence for the GRDs in relation to market stakeholders working in the energy sector;
- to generalise good governance rules;
- to limit the salaries of the administrators and managers of GRD and their subsidiaries;
- to refocus the role and missions of the distribution network managers onto the core of the profession, whilst giving this profession a positive definition;
- to manage the GRD subsidiaries.

An initial **green certificate sunset** operation was carried out at the end of August 2017. In view of the timescale for avoiding an increase in the ELIA surcharge on 1 October 2017, there were few solutions available for avoiding this kind of sunset mechanism, which can probably not be repeated in future. Despite the measures taken, it cannot be denied that the park will continue to issue a total volume of green certificates that cannot be cancelled over the period 2018-2021. There will still be an excess of green certificates on the market in 2022. In October 2017, the Government decided to create a **green certificate taskforce** to prepare possible structural and sustainable solutions to this issue. Its role is to identify other possibilities than those presented by the regulator, by 30 April 2018, based around two main areas: getting out of the bubble that has been created in the market and revising the market structure for the future.

The European Commission recommends the use of smart meters to promote energy transition. As a result, in January 2018 the Government adopted a draft Decree to ensure the **roll-out of smart meters in Wallonia by the end of 2034**. Particular attention will be paid to several points, including controlled costs, accessible communication that can be understood by all users (focusing on the most vulnerable), secure data and privacy protection, the quality of equipment and services and the provision of meter data without additional cost. This draft decree also sets out the minimum requirements for the creation of **charging points for electric vehicles**, as well as joint technical specifications for these charging points. A €400



million budget will be released for smart metering as part of the Walloon Investment Plan. The Plan also makes provision for a budget of €100million for smart grids, and a budget of €100 million for the extension of gas transport and distribution networks to economic activity sites and industry.

In the area of **telecoms**, in October 2017 the Government adopted a Decree that partially transposes Directive 2014/61/EU on measures to reduce the cost of rolling out high-speed electronic communications networks. A budget of €50million is planned under the Walloon Investment Plan to accelerate investments and thus eliminate telecommunications white areas.

In the **transport** sector, the Walloon Government recently approved the "FAST (Fluidity, Accessibility, Health/Safety and Modal Shift) Vision - Mobility 2030". The FAST Vision is based on the modal shift and aims to combine different methods of transport for each journey, depending on their degree of efficiency. This will involve promoting and facilitating the use of bicycles, buses and trains. The aim for cars is to increase occupancy rates. To achieve these objectives, the work will cover three areas, namely governance, investments and behavioural changes.

This vision will be part of a coherent global context so it can be implemented concretely and effectively; it is based around the Territorial Development Plan (SDT). A Walloon mobility code will gradually be developed to include the different aspects of the decree in the form of papers (general provisions, organisation of the TEC Group, taxi services, additional mobility solutions, municipal mobility plans, etc.). The vision will take the form of concrete actions described in the Regional Mobility Plan (SRM).

For the transport of goods, the aim is to increase the percentage of train transport from 4 to 7%. For the transport of people, the aim of increasing the figure from 9 to 15% runs alongside the mobility vision put forward by the Federal Government, which speculates an increase from 8 to 15%. This aim will be achieved by the gradual introduction of an integrated rail and bus public transport offer and the creation of regional express networks (RER). The aim for the bus and tram is an increase from 4 to 10%. This aim will be achieved primarily by matching the offer to the expectations of the citizens to a greater extent, particularly in terms of speed and reliability, and by greater Government support for operators in terms of infrastructures (including priority systems). The transformation of governance underway in this sector should also make it possible to gradually remove the internal obstacles limiting the ability to transform the offer. The directions for developing the offer will be listed in the SRM and entrusted to the operator via the public service contract. They will express the objective of doubling vehicle occupancy rates by 2030, resulting in a clear and simultaneous improvement in the environmental and economic performances of public transport.

3. THEMATIC OBJECTIVES OF THE EUROPE 2020 STRATEGY

3.1. *Employment*

In addition to the reforms of the employment market described in chapter 2, several other employment measures should be mentioned, particularly those aiming to provide a greater match between supply and demand on the market.

On the one hand, FOREM has introduced a **one-stop shop for businesses** to refocus the Employment Public Service departments on meeting businesses' recruitment needs. The process for employers has been simplified and FOREM can now develop a personalised, sustainable relationship with each one. The first line is a gateway comprising 'business advisers', each of whom manages a sector-based portfolio of businesses. Each adviser knows



the sector and occupation of their client businesses, so that they can closely analyse their needs and provide a full and appropriate response. This generalist adviser can call on second-line specialists for more specific services, such as the implementation of a training and integration plan and the search for an intern at the end of their training for jobs with a labour shortage. All the information on the client relationship is now held centrally in the unique employer dossier; this makes it possible to capitalise on all interactions between FOREM and the business. This momentum will be continued in future years through the development of pre-selection and proactive activities, a services offer with impact indicators and continued technological development to allow partners to automatically submit their employment offers for each flow, the introduction of an automatic online matching system, etc. This tool will soon become available to businesses, which will then have access to the profiles of the job-seekers they are looking for and be able to contact them directly to offer them a job.

An 'Inter-Das' (domains of strategic activity) committee has been set up as part of the **development of the Network of skills centres and training projects of the Competitive Clusters**. Its objectives are an optimal response to businesses' needs in terms of ongoing training for employees or unemployed workers, the pooling of expertise by the stakeholders involved in employment, training and businesses and the integration of the training projects of the Competitive Clusters into the professional training landscape in Wallonia.

The Walloon Government also wants to introduce a **training incentive for jobs with a labour shortage**.

In February 2018, Wallonia and Flanders concluded a collaboration agreement to support **inter-regional mobility for job-seekers**. This agreement covers several different aspects: a greater match between supply and demand, more language courses at FOREM and the organisation of awareness campaigns; a knowledge of Dutch will now also be considered a skill and not a requirement. The aim is the integration of 2,500 Walloon job-seekers into the Flemish job market every year.

Lastly, the implementation of the **Cigogne 3 Plan** to create new reception places for children continues, with the aim of facilitating work-life balance. Decisions on the creation of 102 places were taken in August 2017. The Walloon Investment Plan also has a budget of €48 million for phase 2bis - the construction of new creches.

3.2. Research, Development and Innovation

The main RDI reform projects were presented above as part of the response to recommendation n° 3. Certain more specific aspects are described earlier in this section.

On the one hand, the work to **increase R&D expenditure** is continuing. Walloon R&D budget credits increased from €324.5 million in 2015 to €340.3 million in 2016. It was also decided to increase the budget for the collaborative BEL-SME programme by 66%, in order to develop joint R&D projects between SMEs from different Belgian regions. In addition, as part of the support provided for research in biotechnologies and life sciences, the Government approved a grant of €6 million to WELBIO for the financing of 14 projects in 2017.

The National Strategic Investment Plan will dedicate major investment to RDI, including the creation and improvement of technological platforms of excellence (€522 million), in line with the priorities of the smart specialisation strategy (materials and molecules of the future, ICT, space, life sciences, sustainable development and environment). These investments will be made jointly by the universities and research centres. There are also plans to create a centre of excellence for agronomic research (€40 million) and invest in digital infrastructures: digital simulation and intensive calculation (€20 million), collaborative infrastructure for the



processing of data from the Copernicus network (€10million) and e-health (€100 million). A budget of €35 million will also be dedicated to doubling the capacity of the Biopark in Gosselies.

On the other hand, two **new measures to encourage SMEs to participate in European research funding programmes** are currently being prepared. The first is support in the form of a premium for setting up European projects. In concrete terms, any SME that submits a project under the European Horizon 2020 programme may present a dossier to DG06 to receive a premium ranging from €3,500 for a partner SME to €10,000 for an SME coordinating a project; the premium will cover some of the costs involved (personnel, travel, legal advice, etc.).

The second measure involves creating a "*Seal of Excellence*" premium that will finance research projects that are submitted by SMEs under the SME Instrument of the Horizon 2020 programme and have received the European "*Seal of Excellence*" certificate, but are not financed by the European Commission.

3.3. Education

Four **joint further education structures** have been created in the field of further education. They will be aimed at the development of ongoing training and life-long learning for higher education and social promotion students, teachers and trainers, as well as employed workers, job-seekers and IFAPME learners.

3.4. Social cohesion and social action

In the area of social cohesion, the Government is continuing an integrated policy to combat vulnerable situations, facilitate access to housing, facilitate socio-professional integration and provide concrete solutions for people who have lost their autonomy.

Poverty reduction

In early March 2018, the Walloon Government approved the 3rd implementation report of the **Walloon poverty reduction plan** and announced new actions. An assessment will be carried out and the new focus will be on employment and training policies and the automation of access to rights. New measures were also announced in different areas (housing, food, health, water, energy, etc.) involved in combating the risk of poverty (whilst taking account of the risk indicator of material deprivation). In the areas of employment and training, the focus will be on the validation of skills, adult qualification schemes, the reform of Articles 60 and 61 of the organic public centre for social welfare law and the revision of the thresholds for access to FOREM training.

The reform of the **Social Cohesion Plan (SCP)** is also underway. The Walloon Government will revise the decrees on the 2017 SCP to refocus on the objective of "social cohesion", which was a key goal of the 2008 decrees; the aim is both to promote access to fundamental rights at individual level and to improve social links and solidarity at collective level. The participative assessment of the 2014-2019 SCP has been launched in the 181 municipalities in question and will be the subject of a global report to the Walloon Parliament by June 2019. €23 million will be dedicated to the SCP for the 2020-2025 programme; this amount will be supplemented by resources from the employment, social action and municipal co-financing budget.

The reform of the **family services** system continues. On 8 February 2018 the decree on the management and payment of family benefits was adopted. By this decree, Wallonia takes



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again the competence of the family benefits following the 6th State reform and the agreement known as "Sainte-Emilie". It comprises several components : the definition of the Walloon payment system for family benefits with the approval of private operators and the creation of the Walloon Family Allowance Fund (Famiwal) as well as the definition of the future Walloon model of family benefits.

On March 22, 2018, the Walloon Government decided to resume the jurisdiction of family benefits on January 1, 2019. This competence, for the regulatory part will be provided by the Walloon Agency for Quality Life (AViQ). This implies that, from this date, family benefits will no longer be linked to socio-professional status. The new families will be able to choose their own fund and, from 2021, this possibility will exist for all families. In order to avoid the non-use of rights linked to the need to join a fund, the public fund was tasked with detecting and paying family benefits for unaffiliated beneficiary children.

The future model of family allowances will enter into force on January 1, 2020. In concrete terms, for every child born after 1 January 2020, the family will receive a basic allowance of €155 until the child reaches 18 and €165 from 18 to 24. The new system will be simpler and clearer than the current system and provides for supplements to support more vulnerable families, children with an illness and orphans.

The new model provides for supplements for children from families in situations that place them at greater risk of poverty and material deprivation. From 1 January 2020, social supplements will be granted in accordance with household income and will vary depending on the family's situation. Two income ceilings have been defined to combat unemployment traps and avoid the threshold effects. These supplements will be modulated for single-parent families, large families and those with at least three children.

The changes will affect only children born after 1 January 2020, after Wallonia has taken back full control of the management. For children born before 1 January 2020, the current model will remain in force and be phased out gradually by 2044.

As part of the fight against vulnerable situations, the Walloon Government has approved the implementing decree to continue the work of **social groceries and social restaurants**. The first funding were allowed at the 1st quarter of 2018. As well as offering meals and food at a reduced price, social groceries and restaurants are currently also a gateway for providing support for vulnerable people. Their operators are given annual structural financing of €935,000.

Combating the loss of autonomy

In May 2017, the Walloon Government approved the "Papy Boom Plan", a reform of the **retirement home and retirement and care home sector**. This Plan will receive almost €200 million by 2020 to create 677 additional places and offer more accessible and better controlled prices. Regulatory modifications (standards, innovative projects, partnerships, fair land distribution, etc.) and a new infrastructure funding system (from 1 January 2019) are also planned, to promote creative projects and give a boost to the sector.

We should also recall, as mentioned above, the creation of a **Walloon autonomy insurance**, which is due to enter into force on 1 January 2019.

Moreover, in early December 2017, the Government allocated a budget of €50 million to **improve the living conditions of people with disabilities**. This budget will help 40 reception and accommodation centres for people with disabilities to renovate and transform their infrastructures. Furthermore, a budget of €5 million has been released for a call for projects to create new places for people with multiple disabilities and those with brain damage. €3



million were also released to increase the capacity to take on priority cases (people with a complex disability in emergency situations). Lastly, 74 additional places will be created for a total budget of €5 million following a call for projects at the end of 2016 to improve the infrastructure for welcoming and housing people with a dual diagnosis or those on the autistic spectrum; 12 of these places will be in emergency accommodation and 39 in respite housing.

A **Walloon "Accessibility" Plan** has also been adopted. This Plan comprises 28 coordinated measures in addition to the existing actions and their aim is to improve and promote the accessibility of buildings, transport and services.

Facilitating access to housing

In December 2017, the Government approved the **reform of the residential lease contract** in its 4th reading. Its aim is to guarantee the stability, legal safety and clarity of the rights and obligations of tenants and landlords and thus create a climate of trust. Minimum rules are included in a basic standard contract, particularly rules regarding the rights and obligations of the landlord and lessee, hygiene, safety and habitability standards, the term and end of the lease and the inventory of fixtures on arrival. Common law is extended to movable property, such as containers, yurts, cabins and caravans. Improvements have been made to specific provisions regarding the main residence of tenants, particularly the harmonisation of notice periods, with the possibility of the early termination of short-term leases and conditions for the possibility of indexing the lease to its registration. Two specific systems have been created for house-sharing leases and student leases to make them clearer and better suited to the needs of both tenants and owners. Lastly, the Government is authorised to adopt an indicative rent table.

In addition, in June 2017, the Walloon Government adopted modifications to the **conditions for granting loans for the acquisition and renovation of housing, including energy renovations**. This will simplify the rules to take greater account of the nature of the projects and encourage more renovation work. In particular, the ban on accumulating 'packs' within five years has been abolished, allowing households to stagger their renovation project over time and be able to ask for new credit if they need to carry out unplanned work when they have recently received an Ecopack/Rénopack. Also, the scope of the eligible work has been extended to propane gas boilers, photovoltaic panels, non-airtight external woodwork on the house, external wood accessories and all work to remedy one or more causes of insalubrity.

In June 2017, the Walloon Government adopted in its 1st reading the draft Decree organising **the welcoming of Travellers** to Wallonia. The reform will ensure that Travellers receive a warm, concerted welcome organised by the Walloon provinces in collaboration with the municipalities. In total, in the future each province will have to provide at least one equipped area and three temporary areas, with the latter providing access to water, electricity and toilets as a minimum, and organise waste collection. This obligation will take effect at the end of 2020, with the equipped area available by the end of 2021 at the latest. Subsidies (90% cover rate) will be granted to the local public authorities for the acquisition, development, accessibility and extension of land.

Lastly, to ensure that all stakeholders are kept informed, the Traveller and Romany Mediation Centre in Wallonia will be responsible for continuing and extending its integration, mediation and communication work and making proposals to the political authorities. It will be granted an annual subsidy of €132,000 to carry out this work.

3.5. *Energy-Climate*

The Burden Sharing cooperation agreement was signed by the Belgian authorities on 22 November 2017. The agreement formalises the allocation of the Belgian 'Climate and Energy' objectives for the period 2013-2020. The signature of this agreement will allow the Regions to receive income from the sale of ETS quotas, which will make it possible to support the additional policies and measures for combating climate change.

Work to prepare the **Air, Climate and Energy 2030 Plan** will also continue. A 2nd consultation phase took place from 19 February to 19 March 2018, following an initial consultation phase in 2017. The main themes covered during these consultations are linked to the non-ETS objective and primarily concern renewable energy, energy efficiency, industry (non-ETS), including HFCs), transport, mobility and agriculture. The aim is to produce an initial version of the Air, Climate and Energy 2030 Plan in July 2018. This will then be submitted to a public enquiry and will subsequently feed into the national Plan, which is also being prepared.

In the area of **transport**, the Walloon Government recently approved the "**FAST** (Fluidity, Accessibility, Health/Safety and Modal Shift) Vision - **Mobility 2030**". Its aim is to find an integrated and consistent way of containing mobility-related problems, such as pollution, accessibility issues, traffic jams and accidents. This vision provides the resources for managing the major disruptions that will be caused by technological and regulatory developments in mobility, for both people and goods. It will also help to achieve the European objectives for reducing greenhouse gases and the objectives of the 2014 Climate Decree, which targets a global reduction of 30% by 2020 and 80 to 95% by 2050.

Subsequent investments are planned to support this vision as part of the Walloon Investment Plan: €600 million for mobility (car-sharing, cycle & pedestrian infrastructures, public transport and intelligent transport system) and €530 million for multi-modality. The Strategic ITS Plan was presented in early March 2018 and has a budget of €166 million.

In early December 2017, the Walloon Government also adopted the **draft Decree on combating atmospheric pollution caused by combustion vehicles**. The text anticipates the possibility for municipalities to introduce low-emission zones. The proposals made by the municipalities will be subject to the conditions set out by the Government, which will also approve their introduction. The Government may also designate the entire territory of Wallonia as a single low emission zone in the event of a pollution peak. The text sets the schedule and the list of vehicles covered by the right to access these zones. Visual checks will be carried out, through a sticker on the windscreen authorising the vehicle to travel inside these zones.

The draft Decree also stipulates **the conditions for the progressive ban on private diesel vehicles in their current technological design**. After 1 January 2030, in accordance with the proposed schedule, only diesel vehicles that meet at least the new approval procedure for pollutant emissions will be allowed on the roads. Furthermore, once the Decree comes into force, there will be a ban on keeping the engine idling when the vehicle has stopped, regardless of the type of vehicle.

With regard to **renewable energies**, the 2016 assessment indicates that the proportion of renewable energy in Wallonia out of total gross consumption was 11.9%. Following the SOFICO call for projects in July 2016 for the installation and operation of **large wind turbines** in parking areas in its road network, concessions were awarded to 16 new wind turbines in nine Walloon motorway service stations. In total, the average annual generation



potential of these 16 wind turbines will be approximately 121,600 MWh/year, equivalent to the consumption of almost 35,000 households.

With regard to **biomass**, the Walloon Government has decided not to continue the May 2016 call for projects procedure for the installation of a centralised unit of over 20 MW fuelled by biomass. There are several factors behind this decision: the lack of guarantee of the long-term availability of biomass, the lack of cogeneration, a serious doubt regarding carbon neutrality and a tight budget situation. Instead, among other options, the Government will create smaller biomass structures that include a cogeneration aspect, with local supply and the creation of local jobs.

Furthermore, a flexibility mechanism for green certificate budgets was implemented in 2017 following the significant growth of the **photovoltaic sector** (installations of over 10kW). This mechanism made it possible to use the entire budget to develop projects, giving rapidly growing sectors the support originally set aside for other sectors that did not use it. In December 2017, the Walloon Government also decided to stop Quali watt premiums and instead provide support for photovoltaic energy from 30 June 2018, with guarantees that the measure will not be retroactive. This scheduled final abolition (which avoids complex transitional systems) also provides both the sector and individuals with a reasonable phasing-out period. This decision is based on the observation that the current rate of return is well over the initial target.

Finally, the Walloon Investment Plan provides for investment of €50 million for the development of a **Walloon sector for the chemical storage of renewable electricity** (Power-to-gas).

With regard to **energy efficiency**, Wallonia's long-term strategy for the **energy renovation of buildings** was prepared and adopted by the Walloon Government in April 2017. The strategy sets the long-term (2050) renovation goals and contains guidelines and tools for the development of profitable renovation processes.

As described in the previous section, **the conditions for granting loans for the acquisition and renovation, including energy renovation, of housing** have been modified and simplified to encourage more renovation work.

The Walloon Investment Plan provides for the implementation of a **public infrastructures Masterplan** whose aims are to reduce the energy consumption of public buildings, encourage soft mobility and create decentralised co-working spaces. €755 million will also be dedicated to the construction and **renovation of public housing** and mixed housing and to helping citizens with energy efficiency; €40 million will be dedicated to an exceptional UREBA programme to improve the energy performance of public and non-commercial services buildings (schools, hospitals, sports halls, etc.).

The Walloon Investment Plan also includes a budget of €135 million to **support the energy transition of businesses** (reducing their energy dependency and CO₂ emissions).

Lastly, in September 2017 the Government approved the draft decree allowing towns and municipalities to **renovate all municipal public lighting** and begin using LED technology, without increasing consumers' final bills. This mechanism has several aims: the reduction of municipal energy bills, the reduction of municipalities' carbon footprint by more than 50%, the anticipation of the gradual disappearance of bulbs such as low-pressure sodium bulbs and the response to European rules on energy efficiency (the planned change to the Eco-Design Directive will impose an increase in light energy efficiency by 2025).



To ensure that this modification has no impact on consumer invoices, the distribution network manager will be responsible for the equivalent of 65% of the investment and pay themselves from the maintenance savings. The investment balance will be the responsibility of the municipalities, which will also make major energy savings of around 80% and therefore considerable financial savings of approximately 65 to 70% on their energy bills, directly after replacing the bulbs. For the municipalities, the return on investment as a result of energy savings will come in three to five years, depending on the composition of the public lighting (type and strength) in the municipality in question.

4. ADDITIONAL REFORM MEASURES

The Walloon Government plans to use the Marshall Plan 4.0 to roll out an integrated regional development strategy by activating different levers of competitiveness. This will involve in particular developing a favourable environment and measures to support investment and the development of economic activity. Some of the reforms and measures adopted in this regard have already been described in the preceding sections. Earlier in this section, we described the measures to create businesses and their growth, particularly those aimed at SMEs. These priorities also include the growth of the circular economy and industry's efficient use of resources, which are already part of the regional smart specialisation strategy.

4.1. *Industrial policy and support for SMEs*

The **Competitive Clusters** Policy remains at the heart of the Region's economic reconversion and is the backbone of the regional smart specialisation strategy. As already mentioned in previous sections, its implementation is ongoing, and it also provides new directions relating to internationalisation and participation in European training, innovation, digitisation and inter-centre collaboration programmes. The investments in RDI provided for in the Walloon Investment Plan will also help to intensify smart specialisation in the fields covered by the Clusters, in collaboration with the universities and research centres. At European level, Wallonia is involved in the pilot projects of the Vanguard Initiative as well as in several inter-regional collaboration partnerships selected by the European Commission. The MECATECH Cluster is a member of a consortium selected in the context of inter-cluster collaboration supported by Horizon 2020 (INNOSUP 1) and several Walloon Clusters are involved in internationalisation projects supported by the COSME programme. Wallobia, via the National Contact Point Wallonia, offers support to companies, universities, research centers, etc. in order to obtain European funding for research and innovation projects.

What's more, in October 2017 the Government approved a guidance note on the **reform of financial tools and support for businesses**. The aim is to simplify the landscape, create synergies between tools and make them more efficient. This will involve the coordinated management of Wallonia's work to promote investment, create businesses and finance initiatives by businesses, SMEs and the self-employed. There are proposals to group the activities into two areas. The first will be dedicated to investment and financing for businesses and to economic promotion; the second will be dedicated to turnaround businesses and those undergoing restructuring, including site clean-up and a 'health theme' will be integrated.

With regard to financial tools for SMEs, the Government has decided to extend the '**helping hand**' loan (Prêt 'Coup de pouce') by two years, until the end of December 2019 (it was launched as a pilot in October 2016). This system aims to boost individual loans to young businesses (maximum five years of activity). In addition to the interest on their loans, individuals will receive a tax credit of a maximum of 4% a year of the amount in question for the first four years and 2.5% for the next four years. The ceiling for the amounts paid is



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€50,000. Start-ups may borrow up to €100,000 from different lenders. 105 dossiers were submitted to Sowalfin between its launch in October 2016 and 30 June 2017. The amounts raised by businesses amounted to €2.148 million. In terms of the financial impact for the Region, these operations represented a tax credit of €452,000. It is estimated that 225 dossiers a year will be submitted in 2018 and 2019, for loans of an average of €20,000 and with a repayment term of six years. This should allow businesses to raise €9 million from individuals. The extension should represent a tax credit of €1.89 million over two years.

With regard to **industrial development**, the Government has continued its work to renovate the Charleroi basin following the closure of Caterpillar. In July 2017, it approved the creation of a Delivery Unit to implement the CATCH Plan. This Unit will have a lifespan of three years and an annual budget of €1 million. Moreover, the European Commission has validated a rescue and restructuring aid system developed by SOGEPa. It has a budget of €20 million and will provide support to SMEs experiencing financial problems. It will remain in force until 2020. In the process following, the cooperation agreement with the Federal Government, concluded in line with the law of 15 May 2014, the Royal Decree introducing the free zone scheme in Wallonia (tax incentive to engage workers concomitant to an investment in an area affected by a collective dismissal) entered into force on the 1st of November 2017 and will be valid for six years.

The schemes available to SMEs experiencing difficulties have also been strengthened. On the one hand, the SOGEPa accelerated **Fast Track** procedure launched in 2016 that provides assistance to SMEs experiencing difficulties has been made more effective. The maximum intervention amount has increased from €350,000 to €500,000 and it is now possible for SMEs to receive several interventions, provided that they take place within three years at most from the date of the first intervention and total a maximum of €500,000. On the other hand, the AEI has provided SMEs with a new tool, the **Early warning scan**, to make them aware of the first warning signs of a difficult financial situation and help them to detect elements that could endanger the continuity of their economic activity.

The **sustainable industrial policy** contains several new initiatives. Firstly, the Walloon Investment Plan will provide €75 million for **the emergence of industrial circular economy projects**, such as the plastics sorting and recycling sector). Investment of €60 million has been granted to renovate and extend the network of recyparks. Secondly, new measures to support SMEs have been launched as part of the ERDF programme. The **EASYGREEN measure** launched in November 2017 aims to support Walloon VSBs and SMEs wanting to reduce their energy consumption or developing innovative projects with a direct impact on CO₂ emissions (eco-innovation). The financing consists of a loan that may take different forms depending on the requirements (subordinated, unsecured or guaranteed) or capital shareholding. This is supplemented by the provision of expertise or project support. A **circular economy cheque** system was adopted in July 2017 and has a budget of €3.260 million. This new cheque will allow businesses to use the services of specialised experts for assistance with eco-design and the development of sustainable products and services, as well as the optimisation and improvement of industrial procedures and organisational processes. The experts may also support entrepreneurs in considering the development of their business model with a view to functionality. The maximum amount of public intervention for the eco-circular cheque is €15,000 a year.

Finally, the Agency for Enterprise and Innovation (AEI) has been given the role of launching a call for projects to support the development of **short circuits and distribution chains**; the aim is to support concrete economic development actions that will allow the creation of short,



complete and structured distribution chains to meet consumer demand. Seven projects have been selected for a budget of €1 million.

4.2. Investment

On 17 January 2018, the Walloon Government presented a **Walloon Investment Plan (WIP)** for the period 2019-2024 covering investment of around €5 billion. The priority sectors targeted are mobility, energy, research and digital technologies. It will also support investments in social action and housing, training and the environment. This Plan is part of the National Strategic Investment Pact. In addition to the selection of projects, several texts and procedures will be improved to accelerate investments. The local authorities have also signed up to this objective, with the reform of the decree on the 'Regional Fund for Municipal Investments', which will allow them to release the municipalities' investment markers and increase the fund's budget envelope. The Government has created two committees to provide technical and financial support and monitoring: a support committee to offer strategic analysis, assessment and consultation, support for the implementation of the projects in the WIP, and a technical and financial committee whose role is to analyse the different possible financing methods (optimisation), measure the impact of the different investments and ensure compliance with the budgetary path (monitoring).

Various investment projects are continuing alongside this Plan, particularly in the areas of mobility and the environment. As a result, a plan to maintain the surfaces of the major **road network** in Wallonia in 2017 and 2018 was approved in May 2017. This plan represents a total envelope of €150 million that will allow the removal and replacing of the surface of more than 370 kilometres of road throughout Wallonia, designated according to objective damage criteria. The plan aims to supplement a previous 2016-2017 resurfacing plan worth €50 million and the 2016-2019 Infrastructure Plan, which provides a budget of €640 million for in-depth renovations, new roads and the securing of the Walloon road network. The **Liège Tram** project will receive EFSI intervention through a €210 million loan.

Furthermore, in September 2017 the Walloon Government approved the **Programme of clean-up work of the Public Water Management Company (SPGE)** for the period 2017-2021. This programme includes total investment of €400 million to cover a range of priorities: improving the quality of the waterways, protecting catchment areas, protecting bathing water and optimising the use of existing structures.

A total of 276 projects will be carried out throughout Wallonia starting this year, including the creation of 90 new purification stations. €229.5 million will be dedicated to the purification stations, €144.5 million to tanks and other structures and €31 million to reclamation drainage and renovation works. €27 million will be directly devoted to protecting catchment basins for distribution water in Wallonia. In concrete terms, the waste water from 11 villages in catchment prevention zones near and far will be processed, thereby improving the water quality.

Since 2000, the SPGE has invested almost €4 billion in the purification of waste water, allowing Wallonia to increase its waste water purification rate from under 40% to its current 91%. The compliance of the agglomerations targeted by Directive 91/271, currently being finalised, the current management plan (2017-2022) and the present works programme for purification focus on the actions to be carried out to respect Wallonia's commitments as set out in the second management plans for each hydrographic district of the Water Framework Directive (2000/60/EC).



4.3. Structural and Investment Funds

The 2014-2020 programme of the Structural and Investment Fund has moved into its cruising phase. The selected thematic priorities are closely linked to the objectives of the Europe 2020 Strategy and supplement the regional strategy developed in this context, particularly in terms of the recommendations issued by the Council. The particular support of the Fund has been highlighted throughout the previous sections.

As regards the Walloon ERDF OP, this involves supporting the competitiveness of the economy, particularly SMEs, R&D and innovation, digitisation, the development of renewable energies and the efficient use of resources, as well as the development of training infrastructures. Decisions have been made on almost 80% of the budgets.

Wallonia is also involved, with border regions in Belgium, France, Germany and The Netherlands, in the implementation of INTERREG V programmes « France-Wallonia-Flanders », « Greater Region », « Euregio Meuse-Rhin » and « North-West Europe », cofinanced by ERDF, of which the majority of budgets are engaged for supporting projects aiming at enhancing cross-border cohesion of regional economies.

In terms of the roll-out of the regional smart specialisation strategy (S3), particular focus has been placed on investment, the dissemination of technologies and the commercialisation of innovation, particularly through measures to support SMEs (including financial instruments), pilot projects and demonstrators. It will also involve supporting the deployment of smart cities projects and will therefore provide an appropriate framework for the response to recommendation n°3. What's more, the European Commission has chosen Wallonia as a pilot region for industrial transition, and in 2018 the region will receive support to develop its S3 in line with the challenges of industrial transformation.

The priorities developed as part of the ESF are in line with the response to recommendation n°2. They concern high added value lifelong training and integration into the employment market, particularly for the young NEETS (through the Young Employment Initiative) and the most vulnerable, coaching to and in employment, entrepreneurship, social inclusion and the fight against discrimination and the fight against school drop-out. The projects are in line with the reforms set out above in the area of integration into the employment market and the matching of qualifications. Decisions have been made on more than 90% of the funds.

In the context of ESF, the operational Programme AMIF (Asylum, Migration, Insertion, Training) is also contributing to strengthen the efficient management of migration and the implementation and development of the common asylum and migration policy. In 2017, 18 projects were approved for Wallonia.

The European Globalisation Adjustment Fund (EGF) contributes to smart, inclusive and sustainable economic growth when major changes in the structure of world trade lead to serious economic disruption and consequent job losses. An application for assistance from the European Globalization Adjustment Fund (EGF) was introduced by Belgium, on behalf of Wallonia, on 18 December 2017 to support the conversion of workers dismissed by Caterpillar Gosselies and subcontractors of the company since the announcement of the closure of the site on September 2, 2016.

In addition, the Walloon Government has decided to allocate €4 million in 2017 and 2018 to measures to support the conversion of dismissed Caterpillar workers and its subcontractors and to support the economic redeployment of the site. In line with the EGF co-financing principle, European intervention complements this regional initiative.



Wallonie

Finally, with regard to the Walloon rural development programme 2014-2020 (PWDR), financed by EAFRD, decisions have been made on 61% of the funds. The PWDR also finances a wide range of measures to help farmers and all the parties involved in agriculture. These measures involve setting up young farmers, professional training in agriculture and forestry, organic agriculture, nature conservation, investment in rural areas and tourism.