



Wallonie

EUROPE 2020 STRATEGY
WALLONIA'S CONTRIBUTION TO THE BELGIAN NATIONAL
2017 REFORM PROGRAMME

March 2017

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1. INTRODUCTION

Based on the strategic orientations of the Walloon Government during the previous years, especially the **Marshall Plan 4.0** (with a budget of € 2.9 billion over the whole legislature), 2016 focused on carrying out important reforms.

The Marshall Plan is structured around five priorities:

1. Make human capital an asset – € 304,5 million
2. Support the industrial development through an innovation and business growth policy - € 850.5 million.
3. Land mobilization for economic development – € 374million
4. Support efficiency, energy transition and the circular economy - € 1.1 billion
5. Support digital innovation – € 244,8 million

Moreover, within the implementation of the sixth State reform and the transfer of competences, a number of reforms have been implemented, having as guidelines more efficiency and the simplification of the systems. This is the case in the area of employment, housing and energy aid. As part of the regional strategy for smart specialization, the reform of the R&D and innovation aid is now operational, and new initiatives have been launched to digitize the economy and support innovative SMEs. Investment support was also a priority in 2016, in line with European guidelines and within the available budgetary margins.

These various priorities are also supported through the **Structural and Investment Funds 2014-2020 programmes**, which are now in the implementation phase.

The following chapters detail the main measures which were adopted or which are being developed in relation to the Council Recommendations (CSR) and the Europe 2020 Strategy objectives.

2. RESPONSE TO THE SPECIFIC RECOMMENDATIONS BY COUNTRY

2.1. *Recommendation n°1: Clean up and sustainability of public finances, tax reform*

For 2016, the **SEC deficit** was reduced from 375 (adjusted budget) to € 318 million (provisional implementation), mainly due to unrealized expenditure. This would represent an improvement of € 157 million compared with 2015 (balance of € -475 million).

For 2017, the forecasted SEC financing balance is €-300 million. The deficit will be used to cover the financing of strategic investments in connection with the CSRs:

European co-financing (ERDF, TEN-T)	74
Roads and waterways	115
SRWT (public transport)	58
Airports	29
Galileo	11
Training / Cities of Trades	13
Total	300

Different savings measures have been taken to contain the deficit: debt management, “accounting” operations and updating estimates of needs in different areas, selling public goods, reduction of operating budgets.

It has not been possible to conclude an inter-federal agreement on a multi-annual objective for the Stability Programme in 2016, in particular due to the uncertainties linked to the State reform and the decisions of the Federal Government which have a negative impact on the finances of the Federal entities.

As part of its **active debt management policy**, the Walloon Government has decided to implement various measures, including issuing socially responsible bonds. It was also decided to review the terms and conditions for treasury management of certain government units and non-centralized treasury entities. This will optimize the Region’s cash availability and, consequently, limit the external use of capital.

In addition, following the sixth State reform, various reforms are under way in the field of health care, with the aim of ensuring the **sustainability of public finances** while guaranteeing that a favourable environment is maintained for quality health care. The **financing mechanism for hospital infrastructures** is thus reformed. As the federal allocation is to be reduced each year, Wallonia will, thanks to the new mechanism, expand the finance of the hospital infrastructures by gradually providing the necessary means to enable the investments which are required for qualitative healthcare. In the long run (under a constant situation and with a 35-year horizon), the investment capacities will be as follows:

- Maintenance: € 14.5 million per year;
- Replacements: € 14.5 million per year;
- Constructions: € 277 million per year;
- Equipment: € 112 millions per year.

In addition, a guidance note for the implementation of an “**autonomy insurance**” was adopted. It defines the principles of a social system based on an insurance system. The aim is to harmonize support schemes and guarantee lifelong support in the event of autonomy loss (whether due to age, disability or illness). In practice, every person living in Wallonia will automatically be affiliated to the autonomy insurance service of his or her insurer. It will levy an annual mandatory contribution from its members aged 26 and over. The return for beneficiaries is estimated at an average of € 300 /month.

In the long term, the total annual budget that will finance the autonomy insurance is estimated at € 381 million. It will be financed through contributions (around 130 million), the support budget for home care services (147 million) and the budget for dependency help (APA, 131 million) .

Finally, with regard to the management of chronic diseases, we can mention the perpetuation of **Multidisciplinary Local Networks** (RLM - Réseaux Locaux Multidisciplinaires) within the framework of a three-year multi-year agreement extending from January 1st, 2017 to December 31st, 2019, providing a multi-year action plan for each RML¹. The budget allocated by Wallonia to the operation of the 12 RLMs will amount to € 1.6 million for the first year. Pathologies related to cardiovascular diseases, respiratory diseases, ... will be gradually covered. In addition, their tasks will progressively broaden in order to be even more effective

¹ Initially, the RLMs were pilot projects of the INAMI intended to manage the “care paths” of two chronic diseases: diabetes and kidney failure.

(prevention activities, patient empowerment, consultation and coordination between the different health stakeholders, etc.).

In terms of **taxation**, discussions are being held and should lead to reform proposals for 2017.

Regarding environmental taxation, a differentiated tax rate has been introduced for waste disposal into landfills according to the incinerable nature of the waste. The objective is to establish a better hierarchy of waste treatment methods between landfills and waste incineration.

2.2. Recommendation n°2: Improve the labour market operation and skill matching

The labour market reform initiated by the Government was realized in June 2016 by signing the **Pact for Employment and Training** with the social partners. It commits the signatories in six fundamental issues:

- Reorganizing employment aid (on which an agreement had been reached with the social partners in January 2016). The decree on employment aid "target groups" was adopted by Parliament in January 2017. The reform, that will come into force in July 2017, aims at making the devices easier to read, more coherent and more effective. This leads to a drastic reduction in incentives (from forty to ten), and integrates the subjects transferred following the sixth state reform.

Three main target groups are identified: low or medium skilled young people under 25, long-term unemployed and older workers (over 50 years old). The total budget is € 1.6 billion. The reorganization of employment aid also provides for the optimization of the employment promotion assistance (APE - Aide à la Promotion de l'Emploi) scheme, which focuses on ensuring the sustainability of jobs that have become structural within the structures within NPOs and local authorities. A preliminary draft decree was thus approved by the Walloon Government in first reading in February 2017.

- The creation of an integration contract for young people, linked to the implementation of the Youth Guarantee in Wallonia. This new contract is aimed at job-seekers under the age of 25 who do not have any work experience and who have been unoccupied for 18 months or more. The Forem (Walloon public employment service) will implement a support system, in collaboration with the Walloon Regional Employment Missions (MIRE - Missions régionales pour l'emploi). The decree was adopted by Parliament in January 2017. The activation mechanism is defined in consultation with the other Regions, in particular to ensure the portability of rights.
- The reorganization of financial incentives to the continuous training of workers. The devices will be reorganized around 2 major measures:
 - o The vouchers for training initiated by the employer or the self-employed;
 - o The optimization of paid educational leave for training initiated by the worker.

As for the adaptation credit, it will be redesigned to be integrated into the "training voucher" system.

As from the beginning of 2017, working groups have worked with those stakeholders involved in the measures (FOREM, SPW, etc.) to define the guidelines for this reform. The effective implementation of the new devices is planned for early 2018.

- Strengthening lifelong career orientation. The multi-partner framework for lifelong orientation is structured around the 3 Cities of Trades (Namur, Liège, Charleroi) and

the Employment, Training and Orientation centre. These are addressed to those who have questions regarding their educational and professional orientation (primary, secondary or superior educators, parents, teachers, job seekers, professionals who wish to reorient themselves, vulnerable audiences...). The focus will be put on information, awareness raising, trade trials, interactive approach and professions with a particular attention to identified or anticipated employment niches and sectors in demand. Alternative training will also be promoted.

- Creation of training places for alternating learners and a better link between supply and demand. The objective set by the Walloon Government and the social partners is to double the number of alternating training places by 2020. This will be achieved through different initiatives:
 - o Organization and joint development of the OFFA interactive platform (a joint organization of the FWB, the Walloon Region and the COCOF in charge of promoting alternation) matching the training offer and demand;
 - o Regarding financial incentives, 4 bonuses are offered: an incentive for alternation operators and a “company” incentive, an incentive for the self-employed who conclude a first alternation contract with an apprentice, a “youth” incentive to encourage them to complete their work-study programmes until they are certified (Certificate of Apprenticeship, CQ6, CQ7).
 - o Sectoral coaches co-financed by the Walloon Region are hired to promote the alternation throughout the Walloon territory. They are responsible for promoting the work-study programme, with a view to obtain new trainings, for appraising company accreditation applications and supporting and accompanying their tutors. The decree on incentives for work-related training for companies, the self-employed and young people, as well as for sectoral coaches was adopted by the Walloon Parliament in July 2016.
 - o The aim is also that all young people obtain the same certification, regardless of the training or education operator. To this end, a bridge was introduced from vocational training to education via the Jury for Social Advancement and Education was introduced (Decree of 27 October 2016). The quadripartite Government of 7 July 2016 also adopted a resolution to improve the certification and promote the granting of the CE6P certificate. The joint Walloon Region - FWB - COCOF decree is in the process of being adopted by the 3 governments.
- Strengthen the tools which are available to social dialogue in Wallonia.

To support the mobility of workers, the Marshall Plan 4.0 plans to strengthen the **language plan** by deploying a new system for the provision of continuing training. It is structured around immersion scholarships abroad (scholarships for an internship in a company or an immersion in a language school or a school) for young people ending their secondary education, for job-seekers and for alternation learners. An annual budget of nearly € 7 million is planned.

A “driving license” system is also being introduced to promote the mobility of job seekers, particularly of the most vulnerable ones.

With regard to the integration of the most vulnerable groups in the labour market, the **framework agreement between Forem and the Federation of the CPAS** (social welfare centres) was renewed in July 2016. It sets the framework for remobilization and socialization

actions, for orientation actions with the possibility of work placements and for active job search activities. This framework convention allows information and the cooperation between services, training cooperation with operators and the search for suitable means of professional integration. An annual budget of at least € 1 million (1,345 million in 2017) is mobilized by the Forem to finance training and socio-professional integration projects led by the CPAS. An annual envelope is also set aside in the APE budget to finance job-coach positions within the CPAS. Finally, a grant of € 84,000 is awarded to the Federation of CPAS for coordinating and monitoring the initiated dynamics.

Concerning the integration of persons with an immigrant background, the implementing order for applying the **mandatory integration programme** was adopted. It contains:

- the conditions for bringing, under certain conditions and exceptionally, the required completion time of the integration programme from 18 months to 36 months;
- the qualifications which are required for the trainers in charge of the various trainings;
- the procedure for the calls for “Local Integration Initiatives” projects (ILI - Initiatives Locales d’Intégration).

On top of the € 5 million provided for the integration programme, an additional € 5 million has been mobilized by the Government to strengthen the **socio-professional integration of newcomers**. These resources will be used to reinforce the welcoming, support, training and job-search help of newcomers of working age. Forem is entrusted with the implementation of this dynamic by relying on its partners with regard to socio-professional integration. Forem is responsible for welcoming people as part of a process of integration into employment, with a single window approach (“SPOC”). It will coordinate their journey within the public employment service (SPE - Service Public de l’Emploi) or with the partner operators, based on a socio-professional assessment and an identification of their skills. The system integrates the validation of competences, basic training or job training, coaching and job coaching. This way the system tends to promote the fluidity and consistency of the courses by providing solutions which are adapted to the people’s needs and profiles. The number of trainers in French as a foreign language (FLE) and of vocational training modules will be strengthened within Forem, in order to meet the needs of newcomers.

With regard to skill matching, Forem has created a system that is specially adapted to migrants. A first questionnaire is completed by the migrants and is then analysed to identify the skills that need to be tested. The assessment process focuses on language and work skills. For the recognition of qualifications or skills, people have access to the competence validation consortium.

Moreover, there is also a **better coordination between the various operators**. The **Regional Integration Centres** (CRI - Centres Régionaux d’Intégration) will now receive funding in two parts: a fixed budget, linked to the decretal missions they provide, and a variable budget, specifically relating to the missions regarding the compulsory integration programme, which will take into account various workload related criteria: number of newcomers, number of trainings given, size of the covered territory, etc. In addition, Forem is responsible for organizing a call for services for newcomers with its socio-professional integration partners (socio-professional insertion centres, CPAS, Regional Employment Missions, SAACE).

Finally, the new **Forem management contract** for the period 2017-2022 was signed beginning of March 2017. This includes a quicker implementation of the overall reorganization of the Walloon Office in the context of the transfer of competences after the latest State reform.

2.3. Recommendation n°3: Innovation, market functioning and investment

Innovation

The renewal of the **regional innovation strategy** is an essential part of the Marshall Plan 4.0. The guidelines adopted by the Walloon Government in its Smart Specialization Strategy have been implemented and reflected in the various RDI support tools. The aim is to target regional efforts on its main development axes, in line with the regional cluster policy, and to stimulate wider innovation dynamics within the ecosystem. Particular emphasis has been put on commercialization, technology transfer, non-technological innovation, creative economy, ICT deployment, etc.

The **reform of the RDI aid decree**, which was finalized in 2015 and entered into force in 2016, aims at reinforcing excellence and ensuring the simplification and efficiency of the aid granted to all stakeholders by reviewing the different processes, in line with the regional industrial policy. **RDI support schemes co-financed by the ERDF** have also entered into force in 2016. They include:

- The financing of exceptional high-level technological equipment for Walloon research players (universities, higher education, approved research centres). This material will be used to carry out business projects previously identified within partnerships between s (technological services offer);
- Support for partnership research projects to the benefit of approved research centres, universities, higher education and companies. It is also a question of result valorisation;
- Support for R&D in companies that carry out research efforts linked to the dynamics of the competitiveness clusters. Actions may take several forms: financing SME research programmes in collaboration with other companies, technological services provided by approved research centres and higher education centres for SMEs, support mechanism for SMEs on intellectual property (“Intellectual property vouchers”: they cover the services entrusted by a SME to the Belgian Intellectual Property Office or a PatLib centre);
- Support for the implementation of demonstration units for SMEs in approved research centres, enabling them to present their technological capacities and the products of their research to SMEs and to interact with them, in order to integrate innovation into their processes;
- Support for the financing of demonstrators or pilot units in companies. The objective is to contribute to the investment and operation of demonstrators and pilot units developed by companies or groups of companies, with a view to deploy their technology to an industrial production scale.

Based on the dynamics and evaluation of the first plan, the **Creative Wallonia Plan 2015-2019** was adopted in July 2016. It will pay more attention to SMEs, to the distribution to the industrial sector and the public service, to skills development and the adaptation of education systems. It is based on 4 axes: stimulate, accompany, train and propel. The first identified measures include the development of living labs, of co-working spaces (including in rural areas, new calls for projects in 2017), the organization of a creativity week, creative economy vouchers, creative school labs, a “prototype” measure, an “Op’In” measure (support for process and organizational innovation), the development of Start’up Wallonia (integrated support and acceleration of start-ups, covering pre-acceleration phases, acceleration, bootstrapping and scale-up), deployment of creative hubs, growth hacking (acceleration of SMEs), ...



In addition, as part of the **implementation of the Digital Plan**, several initiatives have been launched within its various components. The first flagship measure is the creation of the **WING Fund**, with € 50 million plus € 10 million from Belfius. It grants financing in convertible or capital loans to digital start-ups within the initial start-up development stages, either in pre-seed (€ 50,000) or with a private investor for amounts ranging from € 75,000 to € 250,000. After almost 1 year of activity, 252 funding applications were introduced. 40 start-ups received an investment decision, for a total amount of € 4.6 million. To date, 23 interventions have been concretised by the signature of a convention and 1.7 million have been invested.

The **Digital Wallonia Hub** was launched. This aims at developing an RDI strategy in consultation with Walloon digital stakeholders in order to reinforce their excellence and to ensure their connection to international networks, optimize the transfer of technologies and stimulate innovation and the new uses of digital technology within companies in the sector. It primarily focuses on the support of high-potential companies and the strengthening of the digital research community.

In order to support the digital transformation of the Walloon economy, various initiatives have been launched, in consultation with the sectors concerned. As part of the reform of aid to SMEs, a “**digital transformation**” and a “**cyber-security**” **voucher** are to be launched in March 2017. The programme to raise awareness and support industrial companies in their transformation to the industry 4.0 - **Made Different Wallonia (2017-2019)** was launched by several competitiveness clusters, sectoral federations and research centres together with Digital Wallonia. It is structured around the three axes: smart process, smart product, smart business model. The actions planned are organized in 6 stages: a conference road-show in the Walloon provinces, an Industry 4.0 diagnostic tool and 1/2 day of free consultancy by an expert for each participating company, the launch of the accompaniment process (if wished by the company), the definition of a customized transformation plan by an expert through a thorough scan, the implementation of the transformation plan based on the results of this scan (the company chooses up to three transformations on which it wishes to concentrate, it can decide to be accompanied by external experts), and the evaluation of the transformation at the end of the implementation (about 2 years).

In addition, a specific **Construction 4.0** plan was developed as a partnership between the Walloon Construction Confederation and the agency for the digital (AdN - Agence du Numérique) and digital stakeholders. It aims to offer targeted support to companies, based on the new public aid dedicated to the digitization of economic players. The action will start with a road-show in 2017. A digital maturity self-diagnosis tool has been developed and can be used for any sector. The “**Connected Business**” **Project** aims to develop the digital and on-line expertise of local retailers. It consists of three components: awareness of digital issues, training and support for the implementation of an on-line presence strategy. 34 awareness-raising sessions were organized by Walloon towns and reached 750 businesses. The self-diagnostic tool for digital maturity was used 530 times. Participating businesses positively evaluated the action and more than half used at least one of the available web tools to improve their digital visibility. 50 new sessions are scheduled. A new technology-oriented incubator was also launched for businesses.

Internationally, the goal is to create a dozen Digital Wallonia “hubs” in major digital cities and regions. They will act as stepping stones for companies wishing to access these markets and relaying business opportunities with Wallonia. Two hubs are operational on January 1st, 2017 (San Francisco and Barcelona).

With regard to investments, the new **digital equipment plan for education**, financed with € 62.6 million over 7 years, was adopted. The call for projects “Ecole Numérique” will this time focus on 500 projects led by pedagogical teams, from kindergarten to secondary and will be renewed every year. In addition, a call for projects to equip 200 schools with WiFi was launched for a budget of € 6.8 million. An agreement was also reached with operators for the installation of the **very high speed mobile broadband**. The Region committed itself to eliminate taxation that may complicate its deployment (pylon tax) and to develop a favourable legislative, regulatory and administrative framework. Mobile operators committed themselves, over the next 3 years, to make investments totalling € 60 million, in addition to the investments which were already foreseen in their investment plans for Wallonia over this period. The objective of these additional investments is to increase the very high speed coverage of populated areas where a particular deficit is found, as well as areas with specific interest or needs (economic, industrial and commercial areas of activity).

Concerning **skills**, a Master in Cybersecurity was launched as from the educational year 2016-2017. Furthermore, as part of the #Walcode initiative, 3,500 students were sensitized to programming.

Finally, with regard to **public services**, the public digital spaces (EPN - Espaces Publics Numériques) system is being developed and revitalized through support and animation, the computer equipment of 100 new structures (to reach 150) and the launch of the call for projects for 60 structures (a budget of € 2.1 million is foreseen). 34 projects were launched for € 300,000, and 11 new EPNs were awarded the label. Different actions are launched in the public sector with regard to digital training, development of e-administration (electronic signature, electronic payment, development of personal space and single window, dematerialization of licenses and public contracts, development of the available authentic data), and an open data platform was created to access and reuse public data (150 data sets are accessible). The Open Data decree was also adopted.

Competition in service sectors

On the **regulated professions**, a guidance note was submitted to the Walloon Government on December 15th, 2016, with the screening of the existing legislation. A first reading of the decree transposing the European directive was adopted at the end of 2016, and of the decree transposing the federal legislation, in January. In order to ensure intra-Belgian coherence, a cooperation agreement will be drafted.

Improvements have been made to the provisions on **commercial areas**, in particular with regard to administrative simplification (amendment of the implementation order). In addition, the Wallonia Commerce Plan aims to boost the development of businesses in Wallonia (see section 4.2). Finally, a consultation with stakeholders showed that the provisions of existing commercial lease legislation did not require modification, but that a short-term lease contract should be set up to meet the new commercial entrepreneurship needs. A draft decree on **short-term leases** was adopted in March 2017. It will regulate the so-called “ephemeral” trade and allow the revitalization of shopping centres thanks to a flexible and effective legal frame.

In terms of **energy prices**, a study is being carried out on the gap between wholesale prices in Wallonia and in neighbouring countries. If necessary, the results could lead to adapted exemptions.

Investment Support

The **Infrastructure Plan 2016-2019** aims to modernize road and river infrastructure in Wallonia in order to increase all users' safety and mobility, promote the socio-economic development of the Region and boost job creation. It is structured around four axes:

- pursuing the rehabilitation of motorways (€ 128 million);
- the renovation and securing of the so-called “secondary” regional roads (€ 347.5 million);
- the development of the “Employment routes” (€ 89.5million);
- investment in waterways (€ 75 million).

After 1 year of implementation, 14 sites have been finalized or are under construction for the road section, and another 49 projects will start in 2017. For the waterways section, the following working sites will start in 2017: the Charleroi-Brussels canal, the Ronquières inclined plane, the Monsin dam, the Ampsin-Neuville lock, the Canal of the Historic Centre and the TEN-T network with the Walloon part of the “Seine-Escaut-Est” project. Including all the projects under the Infrastructure Plan which have been carried out or that are under way, and the works which will start in 2017, a total of approximately € 240 million will already have been committed. The ultimate goal is to engage all sites by the end of 2019.

In the case of **public transport (SRWT)**, infrastructure works amount to more than €11.5 million. This amount is intended to mainly finance the development of connecting stations, dedicated lanes, reserved lanes, terminals and stops. In addition, € 3.55 million are foreseen for the development of the new multi-modal station in Namur. Moreover, following the green light given by Eurostat on the financing of the PPP, in spring 2017, the Government will launch the project specifications for the implementation of a tram line in Liège: a tram line between Sclessin and Coronmeuse, with an antenna on the right bank of the Meuse to join the Bressoux Maintenance and Storage Centre (12 km in total), and about twenty trains of about 40 meters. The public procurement contract, in the form of a PPP contract, concerns the design, construction, supply, financing and maintenance of this line, which will be made available to TEC Liège-Verviers for its use. The contract is expected to be awarded in the fall of 2018 and put into commercial service mid-2022.

Still concerning transport, a budget of € 30 million will be devoted to the modernization of the PEREX centre. The objective is to **develop a modern and efficient concept of “intelligent networks”** to manage the (motor) and river ways in real time. The works will start end of 2017 / beginning of 2018 (estimation).

Regarding **energy**, several projects have been initiated to support investment in renewable energy, in particular for the deployment of wind farms on motorway areas, the creation of a biomass plant, support for renewable heat and investment in energy efficiency. These elements are detailed in section 3.5.

More generally, a new Walloon **multi-year investment plan** has been approved by the Government. It provides more than € 1 billion of investment in various areas:

New housing - continued communal anchorage plans	150
Construction and renovation of social housing	80 (+ 221 over 6 years)
Ureba (energy improvement of buildings)	53

Early childhood (kindergartens)	48
Business areas – Ports – Redevelopment sites	330
Competence centres (training)	10
Investments in the hospital sector	240
Tourism	45
Airports	120
Total	1.076

In addition to the resources identified above, the Government has also decided to provide additional funding of € 100 million for investments in **health and social care**. This envelope should allow, amongst others, infrastructural developments in nursing homes and nursing and care homes, as well as in the disability sector. This envelope will be activated gradually and should impact the regional balance of funding from 2019.

With regard to the development of **infrastructures for economic activities**, a new decree was adopted in February 2017 to make areas of economic activities more efficient, more in line with the needs of businesses and urban planning and more environmentally respectful. The main thrusts of the reform are equipment performance (very high-speed, eco-performance, etc.), economic specialization, promotion of public-private partnerships and administrative simplification. The objective is to create 200 net hectares per year dedicated to new economic activities. The total budget for this policy for the 2014-2019 legislature is € 400 million.

Finally, the draft **strategic framework for a Walloon city policy** was adopted. This will serve as a reference for the future Urban Development Programmes (PDU - Programmes de Développement Urbains) of the Walloon cities.

3. THEMATIC OBJECTIVES OF THE EUROPE 2020 STRATEGY

3.1. *Employment*

In addition to the labour market reforms detailed in Chapter 2, several other employment-related measures are worth mentioning.

Firstly, regarding **support for reorganisation**, following the announcement of the closure of the Caterpillar company in Gosselies, a series of actions have been taken to ensure the follow-up (collective redundancy procedure, retraining of workers and site redevelopment, relaunch of activity in the basin and actions for subcontractors). A regional Task Force has been set up for this purpose, as well as coordination with the federal authorities. In addition, a European Task Force has been set up jointly between the regional authorities and the Commission services in order to facilitate the EU processes. A file will be submitted in 2017 with the European Globalization Adjustment Fund. Forem will set up a system for accompanying the workers.

In addition, under the federal Competitiveness, Employment and Recovery Pact adopted in 2014, the Federal Government validated the four **free zones** proposed by Wallonia. These aid zones are situated within a radius of 40 kilometres around sites affected by collective redundancies and precisely in crisis sectors such as the steel industry, Arcelor Mittal (Seraing), glass, Saint Gobain Sekurit (Sambreville) and mechanical engineering, Caterpillar

(Charleroi), Doosan (Frameries). The aid granted to SMEs consists of an exemption from the 25% income tax payment for any new job created as a result of an investment which has been the subject of a previous regional aid, for a period of 2 years.

With regard to **support for job creation**, the Government approved, in first reading, the preliminary draft decree amending the decree of 2 May 2013 on financial incentives to encourage hiring personnel in certain enterprises (“SESAM decree”). For specific profiles (management, export, R&D, circular economy, digital and within the competitiveness clusters), the scheme is extended to enterprises with fewer than 100 employees (formerly limited to companies with fewer than 50 employees). In addition, the Airbag system is redirected to unoccupied job-seekers who have developed an activity creation or resumption project and who wish to become entrepreneur. The aim is to support them in their transition to self-employment. Workers tempted by entrepreneurship will be able to claim first level grants available from March 2017.

Finally, in order to support the **work/life balance** and employment in the sector of home childcare, the “BB Pack” measure has been launched. This measure includes the granting of zero-rated loans to finance the equipment and the security of the facilities. It also aims to improve the conditions of employment access, mainly for women, by increasing childcare supply.

3.2. Research, Development and Innovation

The main RDI reforms were presented earlier in the response to recommendation 3. In this section, we will elaborate on some of the more specific elements.

In terms of the budget, **public R&D funding** from Wallonia amounted to € 342.5 million in 2015 and is on an upward trend (€ 140 million in 2004). In 2013, the overall R&D effort in Wallonia reached 2.91% of GDP, steadily increasing since 2008.

Over the 2014-2020 period, € 440 million will be devoted to innovation under the ERDF co-financed programme and € 60 million under the ESF programme. As detailed in section 2.3, ERDF R&D support schemes entered into force in 2016. In addition, during the first two years of implementation of Horizon 2020, 205 projects involving Walloon players were financed for a budget of around € 101 million, mainly for universities and companies.

The Marshall 4.0 Plan foresees a budget of 642 million for the innovation component (2015-2019), mainly in the context of the **competitiveness clusters policy**. 27 R&D projects were financed at this level in 2016, with a public budget of € 52 million. Within the cluster dynamics, we can mention the **creation of the new TERRA Research Centre**. TERRA is an interdisciplinary and inter-faculty centre that studies and develops biological engineering in the fields of agri-food, agriculture, biotechnology and the environment. The objective is to develop the agriculture of the future as well as the resulting products. The new research unit will be housed in a new building which is under construction and will include laboratories, production halls and the necessary infrastructure for the implementation of excellence research projects. It should open its doors for the academic year 2017-2018. The building financing budget amounts to € 21 million, including € 5 million in Walloon funding (in line with the Keyfood innovation platform developed by the Wagralim competitiveness cluster), € 1 million in funding from the FNRS (Fund for Scientific Research) and the balance in equity. The centre will bring together 175 researchers and doctoral students and 25 new doctoral students to be recruited every year.

In addition, the **three-year plan for agricultural research 2017-2019** was adopted. With a budget of € 70 million, it aims to unite the Walloon stakeholders in agronomic research and to reinforce the coherence of current and future research in Wallonia.

The **reform of the RDI aid decree**, which came into force in 2016, allows the financing of research infrastructures, as well as prototypes and pilot lines for industrial research. The number of calls for research projects has declined as they will be limited to “Cwality” calls (collaborative research between companies/research centres), WALInnov (university-oriented research and enhancement of excellence) and FIRST (scientific staff) and the administrative arrangements will be simplified. The new WALInnov programme was launched in 2016. The focus is now placed on smart specialization niches, partnership and interdisciplinary projects. The governance of R&D aid is reinforced via an external jury. Projects for which the promoter can justify industrial collaboration in Wallonia or participation in a European project (FP7 or Horizon 2020) are eligible. In 2016, 9 projects were selected for a budget of € 18.5 million, with 2 calls scheduled for 2017.

At inter-regional level, the **BEL-SME call** for the development of joint R&D projects between SMEs in different Belgian regions was renewed in 2016.

3.3. Education

Together with the Wallonia-Brussels Federation, the Walloon Government has launched a call for applications for the creation of **Collective Structures for Higher Education**. These will provide high-quality infrastructure and facilities to all higher education institutions and vocational training providers, in order to develop a local training and higher education offer that meets local socio-economic needs. In addition, it will be possible to provide a higher level of training in the geographical areas and the professional sectors where this is necessary. These will be targeted primarily at job-seekers, IFAPME learners (Walloon Institute of Alternative Training, Self-Employed and Small and Medium Enterprises), at workers as part of their continuing training, but also more widely at any higher education or social advancement student.

3.4. Social Cohesion and Social Action

Regarding social cohesion, the Government is pursuing an integrated policy aimed at tackling precarious situations, facilitating access to housing, social and professional integration and providing practical solutions for people facing loss of autonomy.

The **Social Cohesion Plan** is being reformed for the 2020-2025 programme. The new decree aims at administrative simplification and wants to refocus the actions on the fight against poverty. The Plan will operate through the creation of a drawing right for the municipalities which may also delegate its management to the CPAS. The annual amount dedicated to local authorities will be € 24.5 million from 2020, representing an overall budget of € 147.3 million for the 2020-2025 programme, to which supplementary budgets (social actions, APE employment points and municipal co-financing).

The reform of **family allowances**, regionalised after the sixth State reform, was adopted in February 2017. For each child born on January 1st, 2019, the family will receive a basic allowance of € 155 until the child is 18 and € 165, from 18 to 24 years. The new system is intended to be simpler and more readable than the current one and provides supplements to support the most fragile families and children suffering from a condition or orphans.

The **Social Water Fund**, which aims to financially help vulnerable households and ensure solidarity between consumers, has been reformed. To meet the growing demand (currently more than 6,500 Walloon households with payment difficulties use this fund), the contribution to the Social Water Fund has been doubled (from 0.0125 € / m³ to 0.0250 € / m³ at 1 January 2015). Nearly € 4 million is available for this fund. The reform provides for the establishment of a single drawing right which will be communicated at the beginning of each year to each CPAS and to the distributors, which is a simplification of the system. The beneficiaries are consumers with payment difficulties, communicated by the distributors. They may also be persons in difficulty for whom the CPAS considers that an intervention is useful and necessary (single-parent families, people with long-term serious illness or temporary professional difficulties, etc.). The limit for intervention in the payment of invoices for consumers in difficulty was also raised.

With regard to **electricity and gas**, the Government adopted, at first reading, the draft decree on public service obligations, local cut advisory commissions and progressive tariffs. It specifies certain adaptations defined in the gas and electricity decrees with the aim to strengthen the right of Walloon consumers and to improve access to energy for all. It plans to expand the number of protected customers, with a gain of € 10 million on administrative processes. At the same time, an additional € 5 million will be invested in reducing the energy consumption of the most precarious public via the CPAS. The decree also defines the concept of a reasonable payment plan, determines the procedure for placing budget meters, and specifies the organisation modalities of local cut advisory boards. A study on budgeted meters by the Walloon commission of energy (CWaPE) concludes that this system should be maintained but adapted in order to provide better protection for customers in precarious situations.

Government reforms regarding **housing access** are continuing: the creation of a Rental Guarantee Fund, the adoption of an indicative rent grid, a lease contract reform (new anti-discrimination provisions in the housing access, reinforcement of the obligation of a written document for all types of leases, new lease type models and inventory, strengthening the obligation to register leases, to fight insecure and unhealthy housing, the creation of student and co-location lease, etc.), a reform of the Housing and Sustainable Housing Code and reform of rental regulations in housing companies (new attribution grid based on regional and local priorities, creation of a single category of public housing, raise of the income ceiling for access to public housing, combating vacancy, administrative simplification).

Moreover, in January 2017, the Government adopted a decree concerning the **accommodation of people in social difficulties**. This includes the creation of 4 additional night shelters (at least 50 additional places to be made available by 2018 at the latest) and the creation of 4 new shelters for women victims of domestic violence. Social reintegration actions carried out under the Housing first project in Liège, Charleroi and Namur are also sustained and strengthened (a budget of € 145,000 per project per year is foreseen - including € 25,000 for the “Capteur Logement” project). The aim is to enable 75 homeless people to find their place in society.

Finally, the Government selected 10 “new neighbourhood” projects designed to be exemplary and innovative neighbourhoods where the living environment and the quality of life are at the heart of the project.

As detailed in section 2.1, a guidance note for the development of an “**autonomy insurance**” was adopted. In addition, € 10 million is available for the accommodation of people with autism or with a dual diagnosis. 10 projects were selected for a total of 70 places (budget of €

5 million). A second programme is planned for 2017 with a similar envelope. In addition to the creation of accommodation facilities, the objective will also be to support the development of emergency shelter and accommodation as well as residential respite facilities.

Finally, the **2016-2019 Action Plan on the Rights of the Child** in Wallonia was adopted in December 2016. It identifies more than 70 concrete projects in the following three areas: Access to rights (fight social inequalities and discrimination), information, training and education on the Rights of the Child and Participation and Governance of Children's Rights.

3.5. *Energy-Climate*

The **Air-Climate-Energy Plan 2016-2022** was adopted: it implements the Climate decree through the implementation of measures to achieve the 30% reduction target in gas emissions compared to 1990 in 2020 and by 80 to 95% in 2050, as well as measures to improve ambient and indoor air quality according to European or international obligations. The plan contains 142 measures covering all sectors of society: the residential and tertiary sectors, industry, energy production and distribution, transport, as well as the agriculture and forestry sectors. They also specifically address the reduction of emissions of fluorinated greenhouse gases, the adaptation to climate change and international financing, whether in the form of contributions to funds such as the Green Climate Fund or bilateral projects in developing countries.

As from 2016, the Government allocates a recurring budget of € 8 million to international climate finance by financing programmes, complemented by the implementation of bilateral projects (currently 30) in order to meet regional objectives related to international climate finance in the framework of the Belgian agreement on the allocation of the 2020 European objective.

In terms of support for the development of **renewable energies**, several actions should be mentioned:

- Launch of a call for projects for the creation of a biomass plant: envelope of 1,028,160 CV / year, ie an annual support of € 66.8 million for 20 years. This could generate a maximum capacity of 200 MW, for an investment of around € 250 to 450 million.
- Biogas: the support mechanism via greening of the gas used in co-generation is based on guarantees of origin and the green certificates market. Regarding guarantees of origin, the bio-methane producer can either sell them to green electricity producers with whom he has concluded a contract or put them directly on the market. Producers of green electricity that have signed a contract with a bio-methane producer will be able to obtain green certificates for their electricity production. When setting up the green certificate envelopes, the Walloon Government has set aside a biogas envelope of 67,675 green certificates in 2016. This represents a production of almost 27 GWh. The projects which are currently under consideration represent a total injected volume of 2,000 m³/ hour of biogas;
- A study is being led aimed at implementing a legal framework for the development of geothermal energy in Wallonia;
- Launch of a call for projects by SOFICO (the Walloon company for complementary financing of infrastructures) for the creation of wind farms on motorway areas.

In addition, aid will be granted to local authorities (provinces, municipalities, CPAS, police zones, local authority associations, etc.) and to non-commercial sector (education, human

health and social welfare) to reorganise their **energy efficiency and their production of renewable heat**. The different mechanisms proposed, and conditioned to the realization of an overall (or 360°) energy audit, are:

- The *classic UREBA grants*: The UREBA (energetic renovation of buildings) programme has proved its effectiveness but needs to be revised in order to achieve various objectives like the administrative simplification of monitoring, increasing the quality of audits and of the monitoring of the implemented measures, the coexistence of certain aids, the clarification of the eligible statutes. This programme covers a budget of around € 4 million per year.
- The *renewable heat investment programme*: A new exceptional UREBA programme will be launched, for which the Government has allocated € 40 million. This action will focus on investments in heating and domestic hot water production from renewable energy sources, an important element of the Walloon renewable energy objectives.
- *Zero rate loans for energy efficiency*: The Government is setting up a new financing mechanism via zero rate loans for local authorities and non-market players to finance energy efficiency investments in their buildings. 100% financing will be provided for energy-saving work. The proceeds of the Kyoto Fund, obtained under the Burden Sharing agreements, will be dedicated to this measure. It is therefore a budget of € 240 million that will be available under these loans for the legislature.

Still regarding energy efficiency, the **Employment-Environment Alliance** re-centred on the building sector was adopted at 2nd reading in October 2016. This involves 36 actions articulated around 4 specific objectives / axes:

- AXIS I: Define standards and references for sustainable construction and renovation
- AXIS II: Promote sustainable construction / renovation;
- AXIS III: Stimulate the realization of sustainable construction / renovation projects;
- AXIS IV: Implement training in sustainable construction / renovation.

At the latest by April 2017, the Government plans to approve the fourth **Action Plan on Energy Efficiency** (PAEE4), the Walloon contribution to the National Plan. This PEAA will include a long-term strategy for the renovation of Walloon buildings. In addition, the Energy Performance of Buildings (PEB) regulations are amended from 1 January 2017. The PEB requirements are strengthened in order to achieve the Quasi Zero Energy standard by 2021. The overall performance requirement is extended to all non-residential (except industrial) buildings and multi-family dwellings. In addition, the method of calculation is changing (new PEN calculation method for non-residential buildings and multi-family dwellings and improvement of the calculation method for residential buildings). It should also be noted that the Q-ZEN communication campaign (Quasi Zero Energy buildings) has started.

At the corporate level, various measures are also adopted to improve their energy efficiency. A budget of € 5 million is planned for 2017 for the implementation of **simplified branch agreements for SMEs**. The mechanism will enable SMEs to carry out an energy audit to identify ways to reduce their energy bills and improve their energy efficiency. The system will give them access to aids to improve their performance (AMURE premiums). For large companies, the Walloon Government Decree of 8 September 2016 introduces a **mandatory audit** every 4 years (companies required to register in the Crossroads Bank of Enterprises and not meeting the requirements of SMEs). In addition, under the ERDF 2014-2020 programming, a budget of € 33 million is dedicated to the **SMART PARK II** project. After a

first phase to sensitize SMEs to their energy consumption, SMART PARK II will offer SMEs two concrete measures. The first consists of a brief analysis of their energy consumption model with their distribution system operator. This quick scan will be completely free for SMEs and will lead to advice of behaviour change and simple gestures to reduce the energy bills. After this, they will be issued a roadmap containing investment proposals to reduce this bill both in terms of energy efficiency and in terms of electricity and heat generation for self-consumption. The project will be open to all SMEs on the Walloon territory with a connection power greater than or equal to 56 kVA. The objective is to reduce the net energy expenditure of companies by 15 to 20% without significant investments.

Regarding transport Walloon **public vehicles are gradually being replaced by “green” vehicles** since January 1st, 2017. The ultimate objective is to make the entire public vehicle fleet consist of environmentally responsible vehicles by 2030. As of this year, 50% of the replaced vehicles will be replaced by new ones, either alternative fuel (electric, gas, etc.) or no more than 95g CO₂ per kilometre. By 2017, 50% of replacements will focus on alternative fuels, reaching 100% by 2030. At present, the Walloon public car fleet consists of 2,865 vehicles and the annual replacement rate is between 12 and 13%, or nearly 300 units. Local authorities and public interest organizations (PIOs) are already encouraged to move towards a replacement rate of 20% of their fleet by low-emission vehicles. The TEC Group aims to gradually reduce its CO₂ emissions by 20% in 2022 and by 35% by 2030. The SRWT has decided to invest in a total of 298 standard hybrid buses, to be delivered in 2017, 2018 and 2019. A subsidy is granted to municipalities, provinces, CPAS and autonomous municipalities for the purchase of non-polluting vehicles or for the adaptation of their vehicles of more than 3.5 tonnes to environmental standards.

This public greening also wants to encourage private investors to continue or accelerate the deployment of alternative fuel infrastructure by providing them with a certain public. In addition, a call for projects to develop **infrastructures for alternative fuels** will be launched in 2017. It will aim to provide the districts with at least 50% of the optimum recharging points.

The Government has also adopted a legal framework to support the **installation of recharge points in compressed natural gas (CNG)** in Wallonia. The text specifies all the conditions for installation and operation in the environmental permit. Operators wishing to install a CNG reloading point now have a regulatory reference framework. These conditions for example require compliance with provisions relating to siting, construction, operation, maintenance and surveillance, in particular to ensure security during procurement. Recharging points can be installed by an individual at his home or by a company for its company fleet or an by existing service station. At present, 8 CNG pumps are open to the public in Wallonia: Nivelles, Gosselies, Mouscron, Ollignies, Jemappes, Ghislenghien, Wauthier-Braine, Malonnes and Tournai. Other stations will soon be accessible: Herstal, Fleurus, Genappe, Dour, Peruwelz, ...

The **car-pooling** policy has been developed, through the provision of car-pooling car parks, in partnership with major retailers and local authorities. More than 1,580 places are available today, and the 2,000 places should be reached in the coming months. The “Comon” car-pooling app launched in 2015 is very successful and contacts are being made with the Brussels Region to extend it beyond the Walloon borders.

Finally, in the field of logistics, the Government adopted, at first reading, an order releasing an amount of € 8 million for a **new aid scheme aimed at optimizing logistics movements**. The aim is to encourage the installation of equipments which will limit the energy consumption or noise pollution of vehicles with a load of more than 3.5 tonnes. A second measure - to which a budget of € 1.5 million is allocated - is part of the development policy of

the logistics sector. It involves the creation of a business support cell aimed at improving the management of goods flows, such as improving loading or unloading times, loading capacities, timing of delivery, ...

4. COMPLEMENTARY REFORM MEASURES

Through the Marshall Plan 4.0, the Walloon government intends to deploy an integrated regional development strategy, by activating different levers of competitiveness. This is meant to develop a favourable framework and investment support measures to develop economic activity. A number of reforms and measures have already been described in previous sections. This section describes measures to support entrepreneurship, business creation and growth, particularly for SMEs. The development of the circular economy and the efficient use of resources by the industry are also among these priorities.

4.1. *Industrial policy and resource use efficiency*

Industrial policy

The continued implementation of the **Competitiveness Clusters Policy** is a key priority of the Marshall Plan 4.0. In 2016, 33 new projects were approved for a public budget of € 58 million (calls Nos. 16 to 18). The 19th call was launched at the end of 2016 and decisions will be taken at the end of the first quarter of 2017. Since the policy was launched, nearly 440 projects (232 R&D projects, 70 training projects, 37 investment projects) have been financed, for public funding of € 600 million, mostly in R&D.

New impetus was given to the Regional Strategy for Intelligent Specialization: new procedure for selecting training projects for a better identification of the needs and the adaptation of the training offer, development of innovation platforms, reinforcement of inter-partner collaborations (improvement of the co-labelling process, identification of strategic areas, communication, common training needs ...), development of a common methodology to integrate the “valorisation” dimension from the early stages of the research projects (diagnostic tool, integration of a “work package” valorisation in projects), association of the poles to the “Industry 4.0” actions of the Digital Wallonia Plan. In addition, the dialogue was continued with the poles to facilitate the participation in European programmes, in particular through regional involvement in various European networks and initiatives.

In order to base the reflections on inter-sectoral approaches, the Region has also invested in the development of “value chain” analyses.

In terms of efficiency in the use of resources, the **Walloon Waste-Resources Plan** presents a new vision of flow management, part of the circular economy and the hierarchy of waste treatment. This will promote a Walloon recycling and waste recovery economy and reintroduce new material resources into production chains. It contains 5 operational specifications: framework and structuring actions, prevention of household and industrial waste, household waste management, industrial waste management and public waste management. Please note that single-use plastic bags are prohibited from December 1st, 2016 for shopping bags and from March 1st, 2017 for all other bags.

In addition, on 7 July 2016, the Government adopted the **Second Walloon Sustainable Development Strategy**. It focuses on meeting the needs and improving life quality in Wallonia and changing consumption and production patterns in terms of food, energy and

resources. The strategy is structured around four chapters, the last of which presents concrete measures to contribute to the achievement of sustainable development objectives. The actions focus on the following areas: food, energy, resources, participatory dynamics on sustainable development, information and awareness, education and research, social responsibility of private and public organizations, sustainable public procurement and international promotion of sustainable development.

A new **“circular economy” incentive** by the Agency for Enterprise&Innovation (AEI) is available to Walloon companies under the ERDF programme. This incentive of € 10,000 aims to show business leaders the potential of a circular economy approach within their company and to make innovative projects possible, with the aim of adding value to the company. In addition, the Government has increased the resources to stimulate the development of **short circuits** run by the AEI by € 1.5 million over the 2017-2019 period.

4.2. *SME policy*

The **Walloon Small Business Act 2015-2019**, the strategy for the creation and growth of SMEs was adopted in June 2016. With € 4.8 billion over 5 years (from existing credits and additional resources from different sources, amongst which programmes co-financed by the Structural Funds and the Marshall Plan 4.0), it translates concretely into operationalizing 30 actions that will be implemented in the short term. The flagship measure of the plan is the **reform of small SME aid and the creation of a single virtual portal**, and has been operational since March 2017. The aid landscape is now organized as a single network to support the creation of activities, innovation and business growth. All top-level aid, known as *de minimis* aid (up to € 200,000 over 3 years), is thus collected in a portfolio of 11 thematic business vouchers. 3 of them are already digitized, all of them will be as of July 2017. For companies, the types of eligible benefits will now focus on 5 main axes:

- Activity creation (coaching voucher, advice voucher and training voucher for business creation);
- Innovation: product innovation (technological voucher and intellectual property voucher), organizational innovation (operational excellence voucher) and energy efficiency (energy voucher);
- Strategic innovation (strategic consultancy voucher);
- Digital: digital transformation voucher;
- International: consulting services in foreign trade, web marketing and design, occasional intervention linked to an international project, use of a coach in an international partnership, language training (international development voucher);
- Transfers: transfer voucher.

All enterprises will have access to basic aid, but certain categories may benefit from special conditions such as increased aid rates and amounts, mainly in the case of a starter, micro-enterprise, small or medium-sized enterprise, if the enterprise has a growth trajectory, if the enterprise enters into the Government’s economic policy. All the measures included in the single portfolio represent a budget of € 32 million per year, or nearly € 160 million over a five-year period.

Strong commitments are made to the deadlines for processing applications and the payment of vouchers that will not exceed 15 working days. The aim of the reform is to propose more agile aid in the form of a single portfolio, granted based on the principle of confidence: less prior control and more effective post-trade checks. The exchange of information will be carried out electronically, thus improving follow-up traceability within the administration and shortening the time-limits for liquidating aid. A single database of authentic source will be created, thus only soliciting once the necessary information from the companies for the management of their files.

In addition, the Government has adopted the new “**Coup de pouce**” loan system. This is a measure that encourages the mobilization of private savings for the benefit of the real economy through a tax advantage for the lender. In practice, from October 1st, 2016 onwards, an investor who lends an amount of up to € 50,000 to an self-employed person or SME that has been active for less than 5 years, will be able to benefit, in addition to the interest on his loan, from a tax credit of up to 4% of the loan amount per annum. Under this measure, the SME or self-employed person can borrow up to € 100000 from various lenders. In the event that the borrower should go bankrupt during the term of the loan, the lender will still be assured of receiving the tax credit for the remaining term of the loan.

In addition, support measures for micro-credits (€ 30 million) and financing measures for SMEs by the Investis (€ 188 million), implemented with the support of the ERDF, were launched in 2016. Support for job seekers who are unoccupied or who wish to become self-employed for the preparation of their funding file was also launched by the AEI. The goal is to accompany 200 starters every year.

Still within the framework of the Walloon SBA, an agreement was signed between FEBELFIN and Wallonia, which is committed to support Walloon companies through a **bank charter** resulting in a substantial mobilization of resources: € 2.8 billion to finance the creation and growth of SMEs. The agreement essentially consists of the injection of two Euros from banks for one Euro of public money, bringing the total share of the banking sector to € 1.8 billion for € 970 million of public money at the service of the Walloon economy. In addition to access to adequate funding, this initiative also wants to ensure a fertile ground for entrepreneurship, internationalization and innovation. The charter also details the commitments made by both sides in terms of:

- **Readability:** Improve access to information, increase awareness of SMEs and their advisors and strengthen support for entrepreneurs in all their financing initiatives;
- **Balance:** Ensure that SMEs have a balanced balance sheet structure (equity and external contributions);
- **Collaboration:** Intensify collaboration and partnerships between private structures and public tools for the financing that is needed for the creation, growth, innovation, internationalization and transmission phases;
- **Efficiency:** Let the financing offer evolve to better meet the needs of SMEs.

In addition, as outlined in Chapter 2, in the framework of Creative Wallonia and Digital Wallonia, initiatives have been launched to support start-ups. Thus, the **Start'up Wallonia** dynamic was launched in December 2016 to support local digital ecosystems (5 ecosystems have been labelled). Start-ups will be supported in their development phases (pre-acceleration, acceleration, support/seed investment and scale-up). For the financing component, € 30

million (from the Marshall 4.0 plan) is foreseen for the seed loans granted via the Investis, and the **WING Fund** intervenes for the pre-financing and the second stage of development. The Digital Wallonia Hub also provides support for companies with high potential.

The Walloon Government has also adopted a new legal framework on **workers' cooperatives**. On the one hand, it will enable workers who wish to take over their enterprise to be directly helped and supported and, on the other hand, to support project promoters who wish to set up their own cooperative enterprise. Concretely, two support mechanisms (a budget of € 2.5 million is foreseen) can be implemented by workers and companies wishing to take this route:

- According to a provision of the company code relating to cooperatives, these may be capitalized via SOWECSOM. Workers will have 5 years to buy back the majority of the capital. This is a form of loan made by the cooperative for the benefit of its workers.
- Workers will be able to benefit directly from loans, via credit agencies with which SOWECSOM will draw up an agreement, which will allow them to acquire shares of their business so that they can capitalize sufficiently. It is in fact a “collectivized micro-credit”.

Finally, to conclude on the field of financing, the Government adopted the reform of the public financial tools landscape, which will be grouped under one single “**Wallonie Finance**”, which will oversee 4 business lines: investment (industrial shareholdings linked to the competitiveness clusters, investment subsidiaries in the environment, real estate and social economy sectors), financing of SMEs (single window), overturning, health infrastructures and social action.

Concerning the **transfer of businesses**, a partnership has been concluded between Walloon (SOWACCESS) and Flemish (Unizo) organisations to facilitate cross-business deals. This concretely means that the matching platforms will be connected, in order to cover the entire territory.

More generally, **the reform of the support for SMEs** continued through the creation of two specialized subsidiaries of the Agency for Enterprise and Innovation: *Creative Wallonia Engine*, responsible for the Creative Wallonia programme, and *Innovation Wallonia Engine* for innovation, which will integrate the activities of the Picarré and Innovatech NPOs as well as those of the National Contact Point (currently housed within the UWE) and the EEN network.

In the more specific area of trade support, the “**Wallonie commerce**” strategy was adopted by the Government on December 15th, 2016. It is structured around 36 actions divided around priorities for an integrated approach to business development. A budget of € 30 million will be activated by 2019 to implement these measures:

- Support for business creation;
- The definition of a legal environment conducive to the development of new types of businesses;
- Support for digital transformation;
- Modernization of businesses through innovation;
- Transmission of businesses;
- Dynamise city centres and fight commercial emptiness;
- Defining an adequate response to the problems of working sites;
- Training which is adapted to the new business challenges.

Finally, the Government decided to strengthen the development of the **employers' group** scheme through the Resource Centre for Employers' Groups in Wallonia (CRGEW). This system enables Walloon small and medium-sized enterprises to pool their workloads and share the staff and skills they need and can not afford and that they need on a part-time or occasional basis.

4.3. Administrative simplification and public procurement

As pointed out in the previous sections, administrative simplification is one of the red threads of the Government's action, which has led to various simplification projects within the framework of the reforms initiated in Wallonia. In addition, other measures can be pointed out:

- Adoption of the Territorial Development Code (CoDT - Code de Développement Territorial) by the Walloon Parliament in July 2016, which simplifies the granting of permits;
- Reduction of more than half of regional advisory committees;
- Within the framework of the Digital Wallonia Plan, progress has been made for the de-materialization of processes: single window for enterprises, environmental permits and single licenses, public contracts. 39 flows of authentic sources were realized in 2016, allowing a gain of € 9.8 million.
- Reduction of the administrative burden in the agricultural sector through a 27-measure action plan, structured around five main axes: centralization of databases, activation of the “Agrilien-on-Web” app, as of 2017, allowing any farmer to know - in real time - the state of his payments relating to the first and second pillars of the Walloon agriculture portal (PAC - Portail de l’Agriculture wallonne), the concentration of administrative procedures over two annual periods, reinforcing the complementarity of controls, readability and the simplicity of the forms to be filled in.

In terms of **payment deadlines**, payment deadlines per decentralized treasurer will go from 19.61 days in 2014 to 18.98 days in 2015 (an improvement of 0.63 days) and 85.5% will be paid within a maximum of 30 days (against 84 % in 2014). Payments by ordinance fall to an average of 34.7 days against 40.74 days in 2014 (an improvement of 6 days) and 65.2% are paid within a maximum of 30 days (compared to 53% in 2014).

In the area of **public procurement**, the Government adopted the “Responsible public procurement 2017-2019” action plan in February 2017. It comprises 46 actions and pursues three transversal strategic objectives: combating social dumping, strengthening SME access to public procurement and efficient management of resources. The measures aim to raise awareness, train contracting authorities and facilitate their procedures. It is also to facilitate the access of SMEs and VSEs to public procurement (use of lots, development of a guide, coaching and support, training, ...). The opportunities offered by public procurement regarding innovation will also be explored.

The inclusion of social clauses for public works contracts of more than € 1 million was also made compulsory. In addition, the new management contracts will have to comply with the commitment to “promote fair competition and combat social dumping”. Tools to enable

contracting authorities to combat social dumping in their service markets will also be drawn up in consultation with the sectors concerned and social organizations (second half of 2017). They also aim to stimulate the economy of resources and target VSEs as a priority.

To this end, the Walloon Government has decided to create, in the first half of 2017, a Public Procurement Observatory within the General Secretariat of the SPW. It will be responsible for analysing the Walloon orders, developing practical tools for contracting authorities and coordinating the work on public procurement carried out in Wallonia. The Observatory will also be responsible for monitoring and evaluating the three-year Sustainable Public Procurement action plan 2017-2019.

4.4. *Structural and Investment Funds*

The 2014-2020 programming of the Structural and Investment Funds is now in the implementation phase. The adopted thematic priorities are closely linked to the objectives of the Europe 2020 Strategy and complement the regional strategy developed in this context, in particular in relation to the recommendations made by the Council. The specific contribution of the Funds has been highlighted throughout the preceding sections.

The ERDF will support the competitiveness, in particular SMEs, R&D and innovation, in line with the Region's Smart Specialization Strategy, the development of renewable energy and resources efficiency, but also the development of training infrastructures. Various measures have been introduced in 2016 to support R&D, finance SMEs, support the circular economy, etc. Half of the budgets have been decided.

The priorities developed within the ESF focus on lifelong learning and labour market integration, particularly for young people and the most vulnerable, entrepreneurship, social inclusion and the fight against discrimination, the fight against early school leaving. In particular, the projects are consistent with the reforms detailed in Chapter 2 on labour market integration and the adequacy of qualifications. 94% of the funds have already been decided, 99% for the youth employment initiative.

The ERDF and ESF projects that have been selected following the calls for projects are gradually finalized based on the comments made and approved by the Government.

Finally, with regard to the Walloon Rural Development Programme 2014-2020 (PWDR - Programme wallon de développement rural) financed by the EAFRD, half of the budgets were decided. The PWDR funds a wide range of measures for the benefit of farmers and all rural stakeholders. These include the establishment of young farmers, vocational training in agriculture and forestry, organic farming, nature conservation, rural investment and tourism.