



Wallonie

**EUROPE 2020 SEMESTER
WALLONIA'S CONTRIBUTION TO THE BELGIAN NATIONAL
REFORM PROGRAMME 2020**

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1. INTRODUCTION

The **Regional Policy Declaration 2019-2024¹** presented in September 2019 sets out the priorities for the legislature. These are based around a three-pronged ambition: a social ambition, an ecological ambition and an economic ambition.

The Government has set itself the following objectives:

- Drastically reduce poverty and offer every Walloon citizen a decent life;
- Make Wallonia an exemplary region in the fight against global warming;
- Allow the Region to become one of the most successful regions in Europe in terms of industrial redevelopment.

All of the policies to be implemented during the legislature will help make Wallonia a model of sustainable development at the heart of Europe, and will form part of a transition strategy with a view to achieving the 17 Sustainable Development Goals by 2030.

During the first half of 2020, the Government plans to adopt a **Transition Plan** which will be structured around regional priorities, in particular research and innovation, digitisation, housing and insulation, renewable energies, soft and collective mobility, training, health and protection of biodiversity. A budget of around €4 billion is envisaged, depending on the budgetary margins and possible flexibility. Agile management will underpin its implementation. A High Strategic Council (HSC), which is interdisciplinary and made up of independent scientific experts, will guide the Government in achieving its fundamental objectives:

- A 55% reduction in GHGs by 2030 compared to 1990 levels;
- An improvement of the employment rate by 5% by 2025;
- A reduction of the poverty rate.

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. It goes without saying that the content of the Walloon contribution is likely to evolve as a result of the ongoing COVID-19 epidemic and possible new recommendations and priorities of the European Union.

2. RESPONSE TO THE COUNTRY SPECIFIC RECOMMENDATIONS

2.1. *Recommendation 1: Consolidation and sustainability of public finances, improving the composition and efficiency of public expenditure*

Budgetary consolidation

The budget for 2020 was adopted by Parliament in December 2019. A new conclave will be scheduled in May 2020 to refine the budget year and set a budgetary path for the 2019-2024 legislature.

The budget deficit for the year 2020 is estimated at €435 million, with a return to balance by 2024, according to the following path:

2020	2021	2022	2023	2024
€-435 million	€-346 million	€-207 million	€-274 million	0

In addition to the traditional appropriations, already included in the budget, which will be part of the Transition Plan, the Government has made a point of providing for a series of strategic investments for the duration of the legislature, which are outside the budget path. In this context,

¹ https://www.wallonie.be/sites/default/files/2019-09/declaration_politique_regionale_2019-2024.pdf



budget year 2020 sets a number of priorities, including €350 million of investment dedicated to the climate transition and the technology transition. An increase in financial resources is planned in several areas, including:

- **Research, innovation and digitisation:** support for research infrastructure, investment by innovation and development centres, support for the technological ecosystem, funding for experimental projects, support for artificial intelligence, industry 4.0 and the regional digital strategy;
- **The economy:** support for local businesses and the vitality of city centres;
- **Energy and climate:** the KYOTO Fund will be used in particular for the energy transition of businesses, international climate financing and the roll-out of electricity terminals (€111 million);
- **Mobility:** measures to encourage alternatives to cars (€80 million), increasing bus services and the greening of the bus fleet;
- **Employment:** reform of FOREM support for jobseekers, with a focus on the most vulnerable groups, and implementation of the non-profit agreement;
- **Social action:** residential care, rest and care homes, accommodation for people with disabilities, combating homelessness;
- **Housing:** renovation of public housing, creation of new housing, support for social housing agencies, neighbourhood associations, housing promotion association.

On the subject of **debt**, the creation of the debt unit and greater professionalism within the department have significantly improved the Region's borrowing conditions. Wallonia currently borrows at an OLO rate of +26 basis points (bp), whereas it was still borrowing at OLO +45bp in 2018. This is a sign of confidence on the part of the financial markets. The new unit will continue to grow and gradually centralise all direct and indirect debt management. Given that around 50% of the Region's debt is in PAU, this is a major challenge. In the same spirit, the Government will enhance the initiatives to optimise treasury management.

Wallonia's objective is also to enhance the value of all its assets. In effect, the Court of Auditors has highlighted the fact that only a small percentage of the shareholdings currently appear in the Region's accounts. The Government will implement a comprehensive plan to ensure that all of its shareholdings can be valued in its balance sheet.

In its Regional Policy Declaration, the Walloon Government decided to put a strong emphasis on energy saving in buildings. As regards the **fiscal aspect** of property, this will primarily take the form of an adaptation of the 'chèque-habitat', a Walloon mechanism that makes it possible to benefit from a significant tax reduction in personal income tax for 20 consecutive years following the acquisition of one's own and sole home and depending on the level of the purchaser's income. The scheme will therefore be geared towards granting an advantage in the event of acquisition coupled with the implementation of energy-saving works.

An analysis of the possible modernisation of the various property taxes is currently being carried out by the Walloon high council for tax expertise, the Wallonia Tax and Finance Council. This council will report back to the new Walloon Government with its conclusions in the course of 2020. The possible evolutions of these taxes and the adequate timing for implementing these possible reforms will then be analysed.

Efficacy of public expenditure

The principle of efficiency in public expenditure already guides the work of the Government. As such, savings measures have already been introduced in all Walloon public services (SPW) in recent years.

In order to achieve the objective of achieving a balanced budget by 2024, the Walloon Government has decided to introduce a new budgetary methodology for the future, the **zero-based budget**. This technique, a first for Wallonia, differs from the traditional budgetary procedure, which consists of drawing up a budget based on the previous year's budget. Conversely, zero-based budgeting includes a complete verification and justification of all expenditure, budget article by budget article. A meeting was held between the services of the Commission and members of the Government on this subject in February 2020.

In view of the significant budget that this will represent, strict phasing will be necessary in order to achieve a zero-based budget. In addition, in 2020, Wallonia will initiate a **spending review** to facilitate the procedure.

Furthermore, the Walloon Government intends to continue and broaden its approach to **evaluating the policies** implemented. As such, several priority projects were evaluated by IWEPS during the previous legislature², in particular recruitment aids, the policy of competitiveness clusters, raising awareness of entrepreneurship, the digitisation of public services, and the development of industrial sites.

The Regional Policy Declaration envisages the evaluation of various policies: aid for RDI, financial support for companies, employment aid measures, sectoral agreements, etc.

Moreover, in the context of the implementation of its Transition Plan, in order to effectively tackle the challenges facing Wallonia, the Government intends to apply **agile management**, which will include indicators that will make it possible to measure the impact of the Government's actions at regular intervals (particularly in social, environmental and economic terms) and the prospective needs in the medium and long term. The Government will continue to develop indicators that can be used alongside GDP to measure human development and the ecological footprint in order to guide its actions. It will be supported in particular by a High Strategic Council (HSC), which is interdisciplinary and composed of independent scientific experts.

Sustainability of public finances and extended care

In 2019, Wallonia issued **Green Bonds and Sustainable Bonds** for the first time. Green bonds are bonds whose proceeds are intended to finance or refinance a combination of specific projects in favour of the climate and the energy transition in Wallonia. The funds collected are used to implement various social projects and/or projects with a positive environmental impact. The issue was a great success on the financial markets, raising the targeted financing of €1 billion. The Government's objective is to continue to finance itself using this method, and to dedicate the funds to projects with the greatest return on investment in terms of improving socio-environmental indicators.

In the area of **extended care**, within the AVIQ, a Financial and Budgetary Monitoring Council is responsible for monitoring the implementation of expenditure; it has prepared partial budgetary targets that ensure short-term budgetary supervision and sustainability, in addition to monitoring medium- and long-term objectives, and taking the necessary corrective action. In addition, the emphasis is placed on prevention on the one hand and home care on the other. As such, the decree on prevention and health promotion was adopted by Parliament in May 2019. It constitutes the regulatory basis for the implementation of the 1st Walloon Prevention and Health Promotion Plan (adopted in 2018), which is intended to guide the actors in the field in their approach. Four types of actors are recognised in this framework by the new system: local health promotion centres, centres of expertise in promotion, centres for the operationalisation of preventive medicine and health promotion operators. Their approvals will now be granted for an indefinite period and no longer on an annual basis.

² https://www.iweeps.be/projects/?fwp_proj_categories=evaluation

In addition, the Government has earmarked a further €1 million for this year to encourage more participation in cancer screening.

The decree on the organisation of palliative care at home was passed by Parliament in May. This sets out the role and missions of the three Walloon structures specialising in end-of-life care. It also provides for the introduction of multi-annual financing for operators.

In April 2019, the Government also decided to refinance the home care and home help coordination centres, to the tune of €4 million.

Finally, in February 2020, the Walloon Government adopted the decree on the hospital approval procedure. This was the final legislative act adopted by the Government to lay the foundations for the reform of hospital networks in Wallonia.

2.2. *Recommendation 2: Improving the effectiveness of active labour market policies, continuing reforms of education and training systems*

Increasing the participation rate of Walloon citizens in the labour market is a priority for the Walloon Government. In this context, it has set itself the objective of achieving an employment rate of 68.7% by 2025.

Active labour market policies

Training, skills development and support for jobseekers remain a fundamental pillar of government action. FOREM will prioritise its resources on counselling, training and support for jobseekers.

To enhance the integration of unemployed jobseekers into the labour market, a new model of **adapted support for jobseekers** is currently being developed. More calibrated to the profile and level of autonomy of individuals, this new support should allow better overall provision for the most vulnerable groups, in particular the long-term unemployed with low skills, older workers and people from a migrant background. A virtual single file for all jobseekers will be set up. This will include all the steps taken by jobseekers (training courses, internships, skills validation, job applications among employers, work experience, sending CVs and letters of application, obtaining diplomas and certificates, etc.), and will facilitate appropriate guidance for jobseekers in their search for employment. Thanks to the time saved by the current digitisation of support services for more autonomous individuals, more time and intensive local support will be devoted to the most vulnerable groups. A new decree is being drafted to formalise and secure the system for jobseekers, FOREM and its partners. Support will no longer be limited to a maximum of one year and will be subject to dynamic and high-quality monitoring by FOREM, which will also be reinforced by the implementation of the multi-partner lifelong orientation system, which enshrines the principle of a single gateway designed to make the orientation landscape more accessible, based on the network of 'Cités des Métiers' (Professions Centres) and their relocation within labour market areas (ex-CEFO).

More specifically concerning the target groups, the Government plans to place a particular focus on NEETs. The **Youth Guarantee Scheme** will be strengthened and will aim to offer every young person a proposal for an internship and/or training and/or employment within four months of completing their studies. Opportunities for internships will be developed and in-company training for the least qualified young people (PFI (Training Integration Plan), 'helping hand' measure for professions with labour shortages, sandwich training, etc.) will be prioritised.

In addition, in order to enhance **the existing range of services for newcomers**, the Walloon Government has designated a series of training and integration operators, namely the CISPs (Socio-professional Integration Centres), the MIREs (Regional Missions for Employment), the CPASs (Public Centres for Social Welfare) and the SAACEs (Support structures for the self-



creation of jobs) and has given them specific subsidies to handle this influx of people in addition. A public cooperation agreement was therefore proposed to operators wishing to welcome this target group; 45 agreements have been signed in order to meet the specific needs of the public as effectively as possible. 19 of them generated effective services for the beneficiaries in 2018 and were maintained in 2019. As not all operators are involved in these agreements, in 2017 it was decided to launch a call for projects aimed at diversifying the offering and supporting specific modules for the target groups. 45 projects were selected out of the 91 applications submitted, created by 43 different operators and offering 610 training places to newcomers (e.g. a "truck driver" training course, training for a profession with labour shortages). In October 2018, the job integration rate was 28.5% (average rate for the various measures of the call for projects). Of the 45 projects developed in 2018, 42 were renewed to develop actions in 2019.

In order to combat **discrimination in recruitment** more effectively, the Government plans to introduce a legal framework governing the mechanisms for situational testing. These mechanisms will make it possible to verify reported cases of discrimination by posing as candidates applying for jobs with the suspected employer or for a discriminating customer (temporary employment, service vouchers).

In order to continuously improve the effectiveness of active labour market policies, FOREM has started a **process of evaluation of recently reformed employment aids** ('Impulsions' (Stimulus), SESAM (Job support in the for-profit sectors), PFI (Training Integration Plan)). Despite the novelty of the reforms and the unavailability of certain longitudinal monitoring data, the evaluation that has been initiated will make it possible to identify whether certain desired outcomes and objectives are being met, but above all it will make it possible to propose a series of improvements to the processes and to initiate a regular monitoring process, in terms of integrating the target groups into the labour market.

More specifically, with regard to 'Impulsion 55+', the analysis has already produced some initial results. Between the beginning of July 2017, coinciding with the operational launch of the reform, and the end of September 2018, just over 56,000 people benefited from this stimulus (including the transitional measure for older workers, which reached 3,400 people). The evaluation and the subsequent reform will aim to objectivise the actual impact of the scheme beyond possible deadweight effects.

Concerning the long-term unemployed, a **framework agreement** was signed in May 2019 between Wallonia, FOREM and the federation of CPAS. The objective of the enhanced collaboration between FOREM and the CPAS is to offer jobseekers a more coherent path to professional reintegration. The agreement will also make it possible to create local partnerships between FOREM, the CPAS, but also the ADL (Local development agencies), 'Maisons de l'emploi' (Job Centres), ALE (Local employment agencies), Municipal Administrations, MIRE, IFAPME in order to implement veritable local dynamics of collaboration for a more coherent, more efficient and more fulfilling return to employment of the most vulnerable people.

The Government is also working on the implementation of a **new "stepping stone" employment incentive for the long-term unemployed** (more than 24 months of inactivity) who do not appear to benefit much from the "Impulsion" stimulus packages, including the "Impulsion 12+" stimulus. The idea is to draw inspiration from well-known 'stepping stone' incentives, such as articles 60 and 61 of the CPAS or the PTP system (Professional transition programme), aimed at developing skills and acquiring professional experience through professional activities subsidised by the public authorities.

The Regional Policy Declaration also provides for the launch of a **pilot experiment of territories with zero long-term unemployment**. Wallonia will set out the legal framework to develop the approach on voluntary territories and, on the basis of a voluntary approach by jobseekers. This will enable pilot experiments to be set up in specific labour market areas, based on work with



actors in the field, notably with the support of social economy schemes, by mobilising the existing tools (incubators, support by the CISPs, etc.).

Training systems

The Walloon Government has envisaged making training and skills development a fundamental pillar of its action. **The skills strategy** for Wallonia will be bolstered by various actions. In order to optimise the match between the supply and the demand for skills, and to provide efficient responses to needs that are not met, or insufficiently met, a multi-partner platform "Wallonia Compétences d'Avenir" (Wallonia Future Skills), organised by strategic area of activity, will be set up. This platform will also aim to anticipate new skills needs and the necessary evolution of skills in line with the digital transition, in particular by promoting and stimulating educational and productive innovation (bench testing, new prototypes, etc.), through project incubation. In addition to improving the anticipation of needs in the growth sectors and mobilising all actors to optimise the training offering, the Walloon Government has planned to strengthen the effectiveness of the skills centres, which play a key role in the continuous training and retraining of workers, and to reform, after the current evaluation, the financial incentives for the training of workers so that they provide greater support for the continuous training for the groups that are currently least represented in continuous training, namely women, the low skilled, etc. Personalised schemes to support the continuous training of workers will be adapted and upskilling schemes to support companies and employees will be deployed for workers in companies significantly affected by change (digital transformation, circular economy, ecological transition). The acquired skills of workers will be valorised by the introduction of a system of certificates and by the creation of an individual right of the worker to the validation of skills acquired at work. The language learning scheme will also be evaluated. The 'Wallangues' platform will be optimised and further integrated into the 'Plan Langues' (Language Plan), coordinated by FOREM.

Wallonia has various **vocational training** systems and actors, the main ones being FOREM, the Skills Centres, IFAPME, CISPs, MIREs and sectoral funds. Their potential must be optimised, in particular through better collaboration. In order to broaden the training offering, a concerted action plan between the Walloon Government, the Government of the Wallonia-Brussels Federation and the actors in the field will be set up in a participatory rationale.

Wallonia is currently faced with a significant labour shortage, and more particularly a shortage of qualified labour adapted to the needs to be met in a rapidly changing world. Too few young people and jobseekers are trained in occupations for which there is a labour shortage and certain training courses do not bring learners up to the level of skills required by the technical and technological developments taking place in certain sectors. These shortages currently constitute a major obstacle to the development of businesses in Wallonia. As a result, companies are forced to slow down their expansion or give up certain markets, among other things.

To address these issues, various actions have been developed in recent months. **Campaigns to promote the professions with labour shortages and professions of the future** ("Mardis d'avenir" (Tuesdays of the Future)) are being conducted to attract more candidates to training courses that offer promising opportunities on the labour market. Training courses featuring longer in-company training periods ("helping hand for labour shortages") have also been launched in partnership with sectors and companies faced with recruitment difficulties. These pilot experiments will be evaluated and will serve as a basis for the implementation of a new workplace learning scheme targeting jobseekers.

In the **chemical, pharmaceutical and biotech sector**, a 1st virtual job fair was organised in March 2020, in partnership between the sector and FOREM. The objective was to respond to the growth and demographic challenge of the sector. In effect, every year, this sector has to recruit an average of 1,500 people to consolidate its growth. It is also confronted with an ageing workforce, with 5,500 natural exits from the labour force expected over the coming 10 years. This fair is organised

on the basis of an innovative concept combining virtual and face-to-face meetings, which will allow candidates to apply online and request a remote interview, but also to meet recruiters. Future editions are being considered. In order to support the link between job offer and job search, the dynamics of the jobdays, organised by FOREM and integrating a preparation phase and assistance in the active search for a job, will be significantly enhanced.

All the texts relating to the **reform of the Training and Integration Plan** were published in the first half of 2019. This has been in force since 1 May 2019 and places the emphasis on administrative simplification, the principle of trust and the valorisation of skills acquired by learners. The scheme is now open to public employers. The new scheme is currently being evaluated in order to remedy the "teething problems" and to meet the objective of increasing the number of PFIs, as a veritable lever towards employment, for thousands of jobseekers.

In 2019, FOREM also made it a priority to shorten its training entry deadlines in order to avoid applications drying up if the time between an interest in following a qualifying training course is shown and the entry into training is too long.

In addition, during the 2019-2024 legislative period, the Walloon Government intends to strengthen the training of workers through a new scheme inspired by the Flemish model, "**career training vouchers**" (support and guidance for workers wishing to improve their skills or reorient their careers, primarily towards professions with a labour shortage). Benchmarking with the other regions will be undertaken, as well as a focus on older workers and workers who have lost their jobs. Upskilling schemes will also be developed for workers in companies that are significantly affected by change (the digital transformation, circular economy, ecological transition, etc.). The valorisation of skills acquired at work (certification system for any skills acquired formally or non-formally and the individual right of the worker to validation) and skills assessments will be strengthened and promoted with the support of the sectoral funds.

In terms of digital skills, the Walloon Government plans to continue implementing the 'Digital Wallonia' strategy, which includes a section dedicated to **digital skills** learning from an early age and then for life, alongside other important measures, including support for the digital transition of businesses. The transformation of professions will be analysed and digital skills programmes for jobseekers and workers undergoing vocational retraining will be put in place. The 'Cités des métiers' will be entrusted with a monitoring mission focused on the professions transformed by digital technologies. The Walloon Government has also planned several actions aimed at reducing the digital divide, ranging from awareness-raising to training and developing, in particular, digital public spaces (EPN in French).

In addition, Wallonia (winner of the EaSI call for projects to implement the European recommendation on the skills enhancement pathway) started the "**Start Digital**" project in March 2020. This aims to implement an integrated strategy for training in basic digital skills for low-skilled adults. The project is coordinated by the SPW and the Agence du Numérique (Agency for Digitisation). All French-speaking public/publicly-funded training operators are partners in the project (FOREM, IFAPME, Interfédé, InterMire, Bruxelles-Formation, SFPME, EFP, Febisp, Enseignement de Promotion sociale, Consortium de validation des Compétences and Formaform). The project is built around 3 methodological pillars: the use of a single reference system (DigComp), the pooling of tools and the provision/recruitment of institutional digital mediators to support trainers in integrating digital technology into their practices (cross-cutting digital skills applied to the professions). This project aims to develop more appropriate training on a broad scale, to enhance the skills of jobseekers.

This project will be conducted in close consultation with the new "**Upskills Wallonia**" strategy currently being drafted to strengthen/develop the basic digital skills of workers. This strategy is being drafted in partnership with business actors (UWE, Agoria) and training operators.



Finally, Wallonia is also involved in an Interreg Europe project aimed at improving public policies on **the training of workers in Industry 4.0** (project 4.0 Ready), which started on 1 August 2019.

Moreover, it can be seen that there is disenchantment with the vocational strands at the level of secondary education or sandwich courses, as well as at the level of higher education. One of the reasons behind this is the negative image of the professions and companies that continues to be conveyed to young people and their close circles (families, teachers).

This is why Wallonia has developed a regional strategy for the **promotion of technical and technological professions** which falls within the lifelong guidance system, which the Government is currently implementing by relying on the network of the 3 Walloon 'Cités des Métiers' and their decentralisation in labour market areas. Various measures have been launched in recent years. In order to enhance their impact, the Walloon Government has planned to improve the visibility and attractiveness of professions in the field of science, technology, engineering and mathematics (STEM) and digital technology by setting up an awareness-raising plan in conjunction with the Wallonia-Brussels Federation, and coordinated throughout the territory. Emphasis will be placed on attractive information to support the positive orientation towards training in the fields of STEM, in consultation with training and education actors and stakeholders from interested sectors (SMEs, Industry Council, Digital Council, etc.). In this context, the Walloon Government intends to organise a major event to disseminate and raise awareness of science and technology, by 2020. The aim of this event will be to bring together in one place all the actors involved in the dissemination and awareness of technical and scientific professions and to organise various thematic workshops for primary and secondary school pupils.

In April 2019, an agreement was concluded between the **Maison des Maths et du Numérique**, Wallonia and the Wallonia Brussels Federation). In this context, the Walloon Government has earmarked €2 million over the period 2019 to 2021 to provide the resources needed to implement the activities of the Maison des Maths et du Numérique. This initiative develops activities to allow young French-speaking Belgians to approach mathematics and digital technology in a fun way.

For **vulnerable groups that are far from the labour market**, a training offering financed or provided by the public authorities enables them to access training. The methodology of training through work has been supported by the Government in order to get a specific target group "hooked" onto training, groups which are often scarred and let down by a school system to which they are unsuited.

A project is underway, with the support of PARS, to develop systems to **assess and recognise learning outcomes of the Socio-professional Integration Centres (CISP)** by mid-2021. The outcome should, in the longer term, contribute to improving the quality and relevance of non-formal learning and facilitating access to further training pathways in Wallonia for low-skilled individuals. The CISPs train around 16,000 people per year (51% women, 49% men). This action is part of the dynamic, developed in Wallonia, of validation, visibility and valorisation of lifelong learning skills (Consortium for the Validation of Skills and the new "certificate of professional skills", currently being tested, relating to the mastery of all the skills linked to a profession).

During Phase 1 of the project (Sept 2019-Dec 2019), a review was conducted of the existing initiatives among the CISPs and internationally for the assessment, recognition and certification of learning by low-skilled individuals. In the next phases, it is planned to develop/enhance the systems to assess, recognise and certify the technical skills acquired through the training courses of the CISPs, and formulate proposals for a quality assurance system that could improve the recognition of CISP training courses in the Walloon training system (to be finalised in April 2021).

Finally, the **Service Francophone des Métiers et Qualifications** (French-speaking Service for Professions and Qualifications) is responsible for generating job and training profiles for training

operators in French-speaking Belgium. A strategic guidance note was adopted in April 2019 by the Governments concerned, setting out, inter alia, new working methods.

In 2019, the SFMQ therefore produced preliminary studies on the fields of computer science, personal assistance, personal care and paid driving on the road. According to studies by the Public Employment Services, many professions in these areas of activity suffer from labour or skills shortages. These preliminary study reports have made it possible to identify the professions and group them into clusters of trades in a vision of career and training paths.

The Job Profiles for paid driving on the road and personal assistance clusters were drafted in collaboration with the social partners to identify skills needs based on a new methodology. The description of the professions as presented in these new profiles aims to facilitate their understanding by the people in charge of advice and guidance and by citizens wishing to better understand the professional expectations before committing themselves to training.

The SFMQ is currently working to produce the Training Profiles, associated with these Professions Profiles, in collaboration with all the public operators for education, training and skills validation. The objective of the combined drafting of Professions Profiles and Training Profiles is to improve the match between the skills of workers and their acquired knowledge at the end of their training/education and the start of their professional activities.

The SFMQ is also working on adapting existing SFMQ Profiles and CCPQ benchmarks that existed prior to the creation of the Service in order to adapt them to the new professional realities.

Finally, it should be noted that the Walloon Government adopted an amending decree at the third reading in May 2019 that will make it possible to **recognise professional certifications in the context of recruitment for jobs in the regional civil service**. Specifically, this recognition will allow people with a professional certification issued by IFAPME, FOREM or the Consortium de Validation des Compétences (CVDC), to be recruited in the regional public service. Access has hitherto been restricted to persons with a teaching qualification. This measure will put an end to discrimination in recruitment with the public service, and will increase the diversity of profiles there. This measure will also encourage professional mobility as it also applies to European public operators.

Moreover, the dynamic of validating skills in companies will be boosted from the first half of 2020 (the social economy sector will play a pilot role in this regard), with the aim of supporting the enhancement of the skills levels of workers and their professional mobility, and even their reintegration and/or retention on the labour market in the event of restructuring.

2.3. Recommendation 3: Investment and mobility

The Government will adopt a **Social, Environmental and Economic Transition Plan** in the first half of the year. This is currently being drafted.

The transition plan will be structured around a limited number of key priority projects and changeover reforms, divided into three components;

- Ecological transition: energy renovation (insulation), mobility, renewable energy, biodiversity, agriculture and food;
- Transition of knowledge and know-how: training, internships, literacy, skills development, orientation towards science, technology, engineering and mathematics (STEM), etc.;
- Economic and industrial transition: transition towards a circular, regenerative and zero waste economy; development of economic sectors of the future such as the digital, biotechnologies, bio-economy, silver economy, artificial intelligence, modernisation of industry; consideration of new economic models and new ways of organising work that are democratic (such as



cooperatives), respectful of workers, consumer rights and the planet; support for the self-creation of employment (enhancing local economic anchoring).

The Government will also support research and innovation with the aim of amplifying and accelerating the social, ecological and economic transition. An important focus will be placed on experimentation, making it possible to conduct innovative projects.

The Government will ensure that all investment plans are assessed and coordinated, in order to have a comprehensive view of the needs and challenges in terms of investment. Wallonia also intends to encourage constructive exchanges with the other Regions and the federal authority in order to implement a coherent and ambitious investment policy.

In terms of stimulating local investment, the Walloon Government has adopted a decree on **Urban Policy**. This will now set out a framework for the award and use of the grants they receive (€13 million per year). Cities will have to devote at least 50% of these resources to investment. Since 2019, the funding of this Urban Policy has been conditional on the adoption of a new tool called the "Urban Development Perspective", which enables urban municipalities to plan and manage all the actions that contribute to their dynamism more effectively, and their reach as a structural cluster. In December 2019, the Government approved the first decree fixing the breakdown of the amount allocated, in the form of drawing rights, to the seven major cities for the multi-annual planning 2019-2024.

The Government has continued its investment policy in the priority areas of mobility, energy, innovation and digital technology.

In terms of the **circular economy**, following the call for projects launched in 2019 for the creation of a **plastic recycling sector in Wallonia**, the project selection process was completed in May 2019. 6 projects were selected, representing an investment of €120 million, including €47 million financed by Wallonia. These will lead to the creation, in 2021, of industrial processing units with a capacity of 156,000 T of plastic waste; 350 jobs are expected to be created.

The Government has also planned to adopt an **Integrated Waste Management Infrastructure Plan**. This tool will make it possible to plan Wallonia's needs in terms of waste management infrastructure, all management methods combined (collection, sorting, transfer, valorisation of materials, incineration, disposal, etc.), including the environmental impacts, the associated costs and the investments to be made between 2025 and 2050.

In terms of **energy**, as part of the Walloon Investment Plan (PWI in French), in May 2019 the Government released an additional €12.5 million to improve the energy performance of public housing.

The Walloon Government, while increasing the public resources invested in **support for innovation**, plans to reform aid with an emphasis on simplification and its impact on the regional economy. A systematic evaluation of the policies pursued will be carried out and coherence between the tools will be enhanced. The process of renewing Wallonia's **regional smart specialisation strategy** (S3) has been launched, with the aim of completing it by the end of 2020. The aim is to redefine the priority areas of the S3, the associated policy mix and the terms for the governance of the strategy, with a view to increasing efficiency and improving the policy mix. This renewed strategic framework should make it possible to stimulate investment in innovation, entrepreneurship and the creation of activity in the priority themes that will be identified.

In the context of the PWI, in April 2019 the Government approved the financing of **three collective research infrastructure projects** for a budget of €9 million. These are 3 interdisciplinary and collaborative projects in the field of animal welfare (Plateforme Aqua, which will make it possible to study animal rearing conditions in aquaculture under optimal conditions of animal welfare, the virtual and inter-university platform for alternative methods to experiments on animals, and the Tox4Wal project, a (pre)toxicological study platform, which will make it



possible to help Walloon companies develop their therapeutic projects and, at the same time, develop alternative methods to testing on mammals). It should also be noted that Wallonia has confirmed its participation in **Euro HPC** to the tune of €5 million.

The 3rd call for projects of the **COOPILOT scheme**, with a budget of €25 million, was opened in September 2019. The aim of the programme, co-financed by the ERDF, is to co-finance pilot units or demonstrators and to deploy their technology on an industrial production scale, via experimental development projects conducted in collaboration by several firms (including at least one SME). 10 projects have been financed to the tune of €23.4 million, for a total investment of €48.4 million.

In terms of **digitisation**, in July 2019 the Government adopted the **Digitalwallonia4.IA** programme (Budget of €900,000) which aims to include Wallonia in the national and European initiatives on artificial intelligence in order to build a foundation of trust around a transparent, ethical and responsible AI, synonymous with increased performance for companies and a significant improvement in the quality of life for citizens. Digitalwallonia4.IA falls within a rationale of initiating future investments that will be necessary to support a regional dynamic around AI. It is based on 4 structural strands: society, business, training and partnerships. Two main actions have already been launched in this context: **Start AI** (support by an AI expert for 35 companies in their take-up of AI by June 2020) and **Stepping Stone AI** (intended to set up Proof of Concepts on AI in different sectors). The training actions will be launched in 2020.

Several Walloon actors are involved in **INNOSUP** (Horizon 2020) projects: MECATECH in the IoT4Industry project, the ICT cluster in the Digi-B-Cube project (IT for health) and Wagrallim (S3Food on smart sensors). In the context of the IoT4Industry project, Walloon companies are involved in 7 selected projects, for a support of €515,000. This project will make it possible to finance and implement full-scale prototypes and demonstrators that integrate IoT, Big Data, Artificial Intelligence and Cybersecurity into the tools and means of production of industrial companies. Based on the success of IoT4Industry, MECATECH and SOWALFIN have launched an **Easy'Up4Process** call for the financing of 'proofs of concept' for Industry 4.0 (closing February 2020). The scheme will support investment projects relating to the integration of innovation in a production or distribution process with the aim of enhancing the company's added value and competitiveness (operational optimisation). The support will combine financing (subordinated loan of max. €500,000) and support.

In addition, a new call for projects "**Digital School 2020**" was launched in early 2020, with a budget of €9 million, to continue the roll-out of digital equipment in schools. This budget will enable 500 recipients to implement an educational project directly linked to digital technology. Since 2012, €25 million has been invested and more than 1,700 teaching teams have been equipped.

Finally, following the signing of an agreement between the Government and the three telecommunications operators at the end of 2016 on the abolition of regional taxes on masts and pylons, in return for a commitment by each operator to invest €20 million over three years to improve **mobile coverage in Wallonia** (3G/4G), the state of play in mid-2019 shows that €45 million has already been invested and that Wallonia no longer has any municipalities in white zones. 39 municipalities are now no longer in white zones and the average coverage of the population in 4G outdoor is now 98.35%.

Mobility will be one of the Walloon Government's priorities under its Transition Plan. The Government will ensure that its decisions contribute to a reduction in greenhouse gases by 2030, in line with the Walloon objective of -55% and a sharp reduction in the impact of the transport system on health. The Walloon policy will be based on the FAST 2030 vision and the regional mobility strategy adopted on 9 May 2019, which will be strengthened in line with Wallonia's objectives.



The Government will invest massively in public transport, both through conventional lines and innovative solutions. The aim will be to increase the supply and quality of service. The network will be extended where necessary, in particular via express and feeder lines, to connect business parks, neighbourhoods, housing estates and villages.

The Government will provide significant support to soft and active mobility (walking, cycling, soft micro-mobility, etc.) and will roll out adapted infrastructure. It will put in place a strategy to develop the use of cycles as a utilitarian means of travel, in order to double its use by 2024 and increase it fivefold by 2030. This strategy will be based in particular on a "Wallonie Cyclable 2030" plan, the full implementation of regional cycle routes and the drafting of an express network, in connection with the feeder networks and local routes which will be enhanced.

The Government will take the necessary measures to ensure an efficient and safe road transport network. It will therefore continue the preventive and curative maintenance and securing of existing infrastructure and will develop smart roads.

A Mobility and Infrastructure Plan 2019-2024 was adopted in April 2019 with a budget of €1.6 billion. In order to help accelerate the climate transition, the new Government will adopt an adjusted '**Mobility and Infrastructure**' plan until 2025. The overall budget will be €2 billion.

As regards the projects drawn up by the Walloon Public Service, the Government intends to:

- Take note of the projects already awarded (for an amount of €71.4 million);
- Confirm the projects relating to hydraulic works (€309.4 million);
- Also confirm the projects that primarily concern soft mobility and/or public transport, for an amount of €392.7 million.

In this 'Mobility and Infrastructure' plan, the Government will set aside an amount of €80 million per year from 2021, to be used exclusively for the implementation of additional projects focusing on soft and collective mobility.

In terms of roads, the emphasis will be on maintaining and securing existing infrastructure and developing smart solutions, etc.

Beyond the 2019-2025 plan, with the exception of road safety works and connections to the existing network of essential infrastructure (stations, hospitals and ZAE (economic activity zones)) and security works, the Government will not start the study and will not carry out new roads and road extensions.

To convince citizens to make greater use of alternatives to cars, the Government will provide significant support to connections between the various means of transport and coordination between transport operators. This is clearly part of the promotion of intermodal and multimodal mobility.

Road taxes and vehicle registration taxes will be reviewed, with overall taxation unchanged, to adjust them according to CO₂ emissions and mass / power. The aim in particular is to encourage the purchase of cars that are less powerful and lighter, and therefore less polluting.

The Government will analyse the possibility of extending the road network in specific situations, that are subject to the kilometre charge for heavy goods vehicles to roads connected to the network already paid for, in order to respond to the difficulties created by the inappropriate switching of traffic to other roads. Adjusting the rate of the charge will also be considered to encourage better mobility management.

More broadly, Wallonia will integrate the process of gradually phasing out internal combustion vehicles, which has already started. In a transitional phase, the Government will support an ambitious plan for the balanced **roll-out of electricity terminals and compressed natural gas**

(CNG) and liquefied natural gas (LNG) stations on Walloon territory. It will promote vehicles powered by natural gas, electricity, hydrogen and hybrid vehicles.

The Government will finalise a multimodal goods transport and logistics plan, included in the regional mobility strategy, coordinated between all the actors, and in line with the regional climate and energy objectives, and which contributes to the economic development of Wallonia, in order to significantly reduce the number of kilometres travelled.

To this end, the Government plans in particular to complete the backbone of waterways in Wallonia by upgrading, maintaining and cleaning up waterways and locks. Wallonia will continue to be involved in the Seine-Scheldt liaison project, which aims to create a new 4,500 tonne gauge navigation route linking Paris, Antwerp and Rotterdam.

In addition, the new **PEREX centre** was inaugurated in April 2019. This will provide Wallonia with high-tech management of its road and inland waterway infrastructure (investment of €30 million). It will make it possible to manage, control and secure the networks in real time.

In December 2019, the framework agreement between Wallonia and the **Centrale Régionale de Mobilité** (Regional Mobility Centre) was signed. The objective is to promote alternative mobility solutions. The Local Mobility Centres (CLM in French) provide information on the best available transport options (public transport, social taxis, car-sharing, etc.) and organise, with partners, alternative formulas when necessary. Various CLM were already active, but there was no regional coordination, which will eventually make it possible to standardise this type of service and cover the whole Walloon territory.

2.4. Recommendation 4: Reduce the administrative and regulatory burden to boost entrepreneurship, increase competition in service sectors

Administrative simplification for entrepreneurs and SMEs

In its Regional Policy Declaration, the Government placed particular emphasis on developing businesses and the self-employed. In particular, the administrations and support structures are expected to adopt a business-friendly philosophy by facilitating procedures and reducing the administrative burden (SME test, "only once" principle, electronic invoicing, harmonisation of documents, the digitisation of procedures, etc.).

Various projects are already underway in this respect and measures have recently been adopted. For example, the forms for the **environmental permit and the single permit** have been simplified. They are planned to be made digital by mid-2020.

Measures to **simplify and speed up the permit procedures** envisaged in the CoDT (Territorial Development Code) were also adopted in May 2019. A series of minor and energy-related works are now exempted from permits or the intervention of an architect. These came into force on 1 September.

The '**chèques-entreprises**' (business cheques) scheme has been simplified at various levels. The number of cheques has been reduced, and they are now grouped into 7 themes (start-up, development, transmission, internationalisation, sustainable development, innovation and digital). 2 new cheques are available (energy and circular economy). The intervention percentages have been harmonised at 50% with the exception of the so-called priority themes such as Innovation and Digital (75%) and the Start-up Cheques for the most vulnerable groups (80%). The eligible groups have been redefined: 3 groups are eligible for the scheme, namely project leaders, businesses and starters. The digital platforms have been improved and a new website has been launched: www.chèques-entreprises.be. The labelling of service providers is also simplified, and will now be carried out by the services of the SPW.

Public procurement procedures have been completely digitised since 1 January 2020.

There has also been an improvement in the situation regarding **payment terms**. The report for the year 2018 shows that the recorded developments are largely positive for commercial invoices settled by ordinance. Gradually, and on average, the 30-day reference threshold for processing in the strict sense is being reached, despite the increase in the number of invoices processed. At the end of 2018, it appears that 72.5% of invoices were settled within 30 days maximum (from the date of receipt recorded by the officials). This is the best score observed since 2013. Average payment terms for commercial invoices have been falling almost steadily since 2013 (41.98 days) and were very close to the target values (30.83 days) by the end of 2018.

Retail trade and services

In terms of **retail**, the Government is pursuing the objectives of revitalising urban centres, promoting diversity and developing local shops. The Regional Policy Declaration provides that the Regional Commercial Development Scheme (SRDC in French) will be coordinated and, where appropriate, integrated into the Territorial Development Scheme, so as to move towards a single indicative reference document for the whole of the regional territory. The commercial premises permit system and the integrated permit will be coordinated and, where appropriate, merged with the single permit system.

In order to combat the phenomenon of the loss of craftsmanship and to stimulate interest in crafts-related professions, the Walloon Government has decided to **revitalise the training pathways leading to crafts professions** organised in the IFAPME Network. As such, it has introduced a comprehensive measure to revalorise training in the crafts-related professions. This measurement consists of four strands:

- The granting of a specific bursary to craftsmen and women, worth €260 per month. This amount is intended to compensate for the additional training burden borne by craftsmen and women on whom all vocational training falls, given the specific nature of craftsmanship (no training partly provided by IFAPME as opposed to other professions).
- The implementation of a specific core curriculum for crafts, training in management, creativity, innovation, e-marketing, e-commerce, etc. All apprentices who embark on these pathways will be grouped together in the courses in a common core.
- The implementation of a campaign to promote crafts-related professions.
- The development of synergies with the representatives of craftsmen and women (Union des artisans, SNI, UCM, etc.)

In addition, following the implementation in 2017 of the first "CREASHOP-VILLES" project to assist shops, aimed at cities considered as major urban centres by the ERDF and/or having a non-profit association for city centre management, the **CREASHOP PLUS** project aims to extend the scheme to cities and municipalities considered as "centres of the (sub)areas of consumption of current and food purchases" defined in the SRDC, i.e. 41 additional municipalities. The municipalities were invited to submit an application during the second half of 2019 with a view to organising support for future shop owners wishing to develop a new commercial activity in an empty commercial unit. The projects will have to include both a start-up support component and a financial support component. An amount of €1.5 million has been earmarked for the implementation of this measure for a period of 3 years.

Wallonia has also set up a system of **compensatory indemnities for shop owners, self-employed persons or entrepreneurs** (< 10 workers) whose activity is hindered by works, in order to compensate for the loss of turnover. The scheme works via a smartphone app that is easy to use. When their activity is disrupted by a building site that prevents customers from accessing the site for at least 20 consecutive days, the shop owner benefits from an indemnity of €100 per day's hindrance, capped at €6,000 (i.e. 60 days of hindrance) per building site.

An evaluation process of the law on **access to professions** had been initiated under the previous legislature. The revision of this subject, which was transferred in the context of the 6th State reform, is essential, in particular to simplify and adapt implementation to the realities on the ground (relevance of content, cost reduction, etc.). A consultation of professional federations was carried out in the first half of 2019, including basic management knowledge. The various proposals identified are currently being analysed in order to identify guidelines and proposals for adjustments.

3. THEMATIC OBJECTIVES OF THE EUROPE 2020 STRATEGY

3.1. *Employment*

In addition to the reforms of the employment market outlined in chapter 2, several other employment measures should be mentioned, particularly those aiming to support job creation and achieving a work-life balance.

The Regional Policy Declaration envisages strengthening the **collaboration between FOREM and the VDAB** in order to further mobilise jobseekers towards Flanders. In addition, the language learning scheme in Wallonia will be evaluated and improved on the basis of this evaluation within the framework of a new language plan which, in the interests of coherence, efficiency and complementarity, will link together the various schemes (training plan, bursaries and immersion courses, IBO-Taal, language level objectification tests, Wallangues Platform, etc.).

The Regional Policy Declaration envisages various measures to **help achieve a work-life balance**, in particular improving the integration of single parents, especially young women, into the labour market through accessible and adapted training and apprenticeship reform, support for businesses which are committed to implementing a "parent-friendly" policy, and support for the care and transport of children aged between 3 and 11, including, if appropriate, the extension of the service cheques scheme.

In order to strengthen the attractiveness of the early childhood sector, Wallonia and the ONE launched an information campaign in 2019 on the **new child minder status**, created in 2018. This allows beneficiaries to enjoy the benefits of an employment contract: full social protection, paid holidays, holiday pay, income and employment stability. Following an initial pilot experiment, 200 positions were created. Collaboration between FOREM and the ONE, in terms of awareness and recruitment of new employees, will be further enhanced.

In December 2019, the Government made €4.5 million available to boost the **social economy** sector. The aim in particular is to develop and customise 'food belts', Creative Resource Centres, and increase higher education programmes in the social economy and make Wallonia an experimental laboratory, an area of innovation in this field. Via a budget of €3 million also made available, SOWECSOM will also support the emergence and professionalisation of new business cooperatives in the social economy, with a particular focus on the social and transitional housing sector (victims of domestic violence and the fight against homelessness).

The Regional Policy Declaration envisages the implementation of extensive support, including diagnosis, skills enhancement and legal and accounting aspects, accessible to starters who launch their activity as self-employed persons or business creators. We also refer to sections 2.4 and 4 concerning the measures adopted in **support of entrepreneurship**, including women's entrepreneurship, in particular through the actions of the SAACEs.

3.2. *Research, Development and Innovation*

As indicated in Chapter 2, the Regional Policy Declaration envisages **increased public investment in support of innovation**, in order to achieve the European targets of 3% of GDP



invested in R&D, and to raise this target to 4% by 2035 and 5% by 2050, of which one third should come from the public sector. In this regard, the budget funds allocated to R&D were stable in 2019 compared to 2018: €284 million versus €287 million in 2018.

The Government also plans to step up efforts to improve the policy mix and coordination of actors with a view to improving the effectiveness of the policies implemented and increasing the value of the projects supported in economic terms. A reform of aid for innovation will be implemented, with priority being given to simplification and feedback effects for the Walloon economy.

Wallonia has started work on **renewing its smart specialisation strategy (S3)**, which should be completed by the end of 2020. An update of the Region's strategic areas of innovation is planned. This will capitalise in particular on identifying regional priorities in the field of R&D which was adopted in May 2019. This has been implemented taking into account the priorities of the future Horizon Europe programme, in order to strengthen the link between regional and European policies. The process should also lead to the establishment of clear governance arrangements, an effective policy mix, and a better definition of the missions and interactions between each actor in RDI. The S3 should make it possible to develop and strengthen innovation niches, strategic sectors and priority value chains.

The Regional Policy Declaration also envisages the development of synergies and economies of scale between accredited research centres and the promotion of inter-regional and international research collaborations. In this respect, a new **BEL-SME 2020 call** was launched in December 2019, aiming to support collaborations between SMEs from the 3 Belgian regions for R&D projects.

In collaboration with the Wallonia-Brussels Federation, there are also plans to develop a programme to raise awareness of the gender aspect and promote women in scientific careers in RDI, and to support Walloon innovation through innovative public procurement.

The roll-out of the Walloon network of **creativity hubs** is continuing, with the support of the ERDF. An evaluation of this policy is underway.

In terms of **digital innovation**, in addition to the initiatives already detailed in section 2.3, the INFOPOLE ICT cluster launched the '**Digital Innovation**' programme in 2019. The objective is to accentuate the digital dimension in the calls for projects of the Competitiveness Clusters in a cross-cutting way via the animation of ecosystems around strong digital themes and an innovation support programme for IT companies and companies of the Clusters. The scope of the programme acts in support of the Competitiveness Clusters upstream of the calls for projects, at the conception, awareness raising and networking stage, and also downstream via project valorisation activities.

In addition, Wallonia is organising the selection procedure for **Digital Innovation Hubs (DIH)** within the regional territory; this will take place in two stages with the launch of the call in April, a pre-selection of the most promising projects in July and the definitive nomination of the Walloon DIHs in October. The DIH will make it possible to provide the expertise and support needed by Walloon companies for their digital transformation, based on analyses of their needs, both in technological terms and specific to their sector of activity.

Following the '**Intelligent Territories**' call, 43 projects were selected for a total estimated budget of €8 million, of which Wallonia will contribute €4 million. Innovative digital projects will be supported in areas identified as priorities, including energy and the environment, mobility and logistics, and governance and citizenship.

The Government also plans to develop open data and make this policy systematic in public administrations. With this in mind, the 1st **Geochallenge** was launched in February 2020. The aim of this project is to facilitate the development of concrete solutions that meet citizens' expectations and/or the needs of the administration by exploiting the geographical information from the



'Géoportail de la Wallonie' (Geoportal of Wallonia). Various issues are proposed, relating to mobility, the environment and the discovery of natural heritage, business location and quality of life.

The **assessment of the Made Different Digital Wallonia** programme, a programme to support Walloon industrial companies in accelerating their digital transformation, is as follows:

- The programme has made it possible to coordinate the action of 35 partners (professional and sectoral federations, research centres, clusters, etc.) to ensure the digital transformation of Wallonia's industrial sector;
- 4 Factories of The Future, 3 Industry 4.0 demonstrators;
- 11 advanced digital technologies for Industry 4.0 in Wallonia. 4 areas of specialisation;
- 1,102 different manufacturing companies made aware of Industry 4.0;
- 184 different manufacturing companies diagnosed for Industry 4.0;
- A label as a European DIH (Digital Innovation Hub);
- A brand with an international presence, notably at Hanover Messe and Global Industry;
- An ecosystem of [239 Walloon actors](#) offering solutions to transition to Industry 4.0.

3.3. Education

In the field of education, Wallonia works in partnership with the Wallonia-Brussels Federation at various levels: developing sectors of excellence for work-study training, digital equipment in schools, implementation of a single, multi-partner, lifelong guidance system, based on the network of Cités des Métiers and their relocation in the labour market areas (ex-CEFO), integrating, in particular awareness-raising and training activities in scientific and technical careers, and developing digital skills.

We refer to other sections which provide more details on the various initiatives relating to these themes.

3.4. Energy-Climate

Reducing greenhouse gas emissions

In the context of the cooperation agreement of 12 February 2018 between the Federal State, the Flemish Region, the Walloon Region and the Brussels-Capital Region on effort sharing as regards the Belgian climate and energy objectives for the **period 2013-2020**, the Walloon objective for 2020 is - 14.7% compared to 2005 emissions for the ESD sectors (Effort Sharing Decision CE/406/2009). The annual targets for 2013-2020 are calculated according to a progressive reduction pathway, starting in 2013 according to the average emission value 2008-2010 and decreasing linearly to the 2020 target value. This only concerns the ESD sectors, as the ETS objective is directly managed at European level, with no objective defined at national or regional level.

Wallonia (kt CO ₂ -eq.)	2013	2014	2015	2016	2017 ¹
ESD objective	26,029	25,624	25,219	24,813	25,223
ESD Emissions	24,283	23,207	23,889	24,146	23,564
ESD balance (surplus)	1,747	2,417	1,329	667	1,659

Balance of Walloon ESD emissions, 2013-2017 (kt CO₂-eq.), *validated data*

¹ The 2017 target is slightly higher than the 2016 target. This is due to a correction applied to all Member States according to Article 27(2) of Regulation 525/2013, which reflects the application of the new IPCC guidelines for inventories and new global warming potential for gases other than CO₂. This correction relates to the trajectories for the years 2017 to 2020.

ESD emissions in 2013-2017 are below the reduction pathway. The cumulative surplus for the years 2013-2017 is 7.8 million tonnes.

The final balance for 2018 cannot be established until the end of 2020, after verification of the emissions inventory by the European Commission and validation of the regional balances by the National Climate Commission. According to current data (provisional inventory of 15 January 2020), Wallonia appeared to meet its ESD target in 2018, but this data will have to be confirmed in the submission of 15 March and then during the verification.

Concerning the **period 2021-2030**, the draft Walloon contribution to the National Energy-Climate Plan 2030 had been approved on 18 December 2018 by the Walloon Government, and transmitted to the Commission within the draft Belgian Plan at the end of 2018. This draft contribution has been updated on the basis of the Commission's recommendations received in June 2019 and the results of the various consultation processes (primarily the results of the public enquiry conducted in Wallonia on the Air-Climate Energy Plan (PACE)). The **definitive Walloon contribution to Belgium's National Energy-Climate Plan** was approved by the Walloon Government on 28 November 2019 and sets out a Walloon reduction target of -37% compared to 2005 for the ESR sectors (Effort Sharing Regulation EC/842/2018). To achieve this, the main measures planned are: renovation and insulation of buildings ('A' label on average for the entire housing stock and neutrality of tertiary buildings by 2050), increasing the share of renewable energies (23.5% by 2030), the rationalisation of mobility needs, a modal shift and greening of the vehicle fleet, research and innovation, and new sectoral agreements.

On the other hand, the Region is aiming for **carbon neutrality by 2050 at the latest** (including a 95% reduction in greenhouse gas (GHG) emissions compared to 1990 levels), based on a progressive trajectory of GHG emissions reduction, and the Regional Policy Declaration envisages an intermediate stage of GHG emissions reduction of 55% compared to 1990 levels by 2030. The aim is thus to contribute to the global effort to keep the average global temperature increase well below 2°C compared to the pre-industrial era and to continue efforts to limit warming to 1.5°C, in accordance with the Paris Climate Agreement. In order to achieve the 55% reduction in greenhouse gas emissions by 2030 compared to 1990 levels, Wallonia will be able to emit a maximum of 25.198 million tonnes of CO₂ equivalent in 2030, to be distributed according to the mechanisms of the climate decree. This objective covers both sectors covered by the European Emissions Trading Scheme (ETS) and those that are not (non-ETS). All sectors must contribute jointly and equitably to achieve Wallonia's climate objectives.

In order to determine the distribution of GHG reductions between the different sectors and the means necessary to achieve them, the Government will use the methodology and proposals of the Walloon Air and Climate Agency (Awac) and will organise wide-ranging consultation with all the sectors concerned. Some sectors will need to meet proportionally more important objectives, and others proportionally less important objectives, depending on the technical and economic capacity of each sector, socio-economic impacts and interactions between sectors, among other



things. In any case, the overall target of 25.198 million tonnes of CO₂ equivalent will have to be met.

A broad consultation process will be implemented from spring 2020 onwards. The second phase of this climate plan will be elaborated with a participatory and concerted approach, both with the public and all the sectors concerned. This consultation will be as broad as possible in a process of co-construction of all the significant measures to be decided on, to achieve complete decarbonisation by 2050.

The final targets per sector will be reflected in the emission budgets, within the meaning of the climate decree of 20 February 2014, for the periods 2023-2027 and 2028-2032. These budgets will be adopted by the Government in the context of the PACE 2030 finalisation process (for which the draft was approved in April 2019).

Furthermore, in early December 2019, the Government adopted its **Long-Term Strategy 2050**, which presents a decarbonised vision of the Walloon energy system and greenhouse gas emission sectors by 2050. This strategy aims to lay down guidelines for all sectors concerned (agriculture, transport, industry, construction, energy, and waste). The document is in line with the Regional Policy Declaration 2019-2024 which aims to achieve carbon neutrality by 2050 through a 95% reduction in greenhouse gas emissions, supplemented by carbon capture measures.

In order to ensure consistency between the various decisions of the Government and the climate objectives of the Paris Agreement (which are reflected in the Cooperation Agreement on burden-sharing and in other European Directives) and to make the analysis of the impacts of decisions on greenhouse gas emissions systematic, the Walloon Government has decided to impose **a climate point in each note to the Government**.

With regard to the recently adopted concrete measures, it should be noted that in May 2019 the Walloon Government approved the launch of a call for candidates for the establishment of two **hydrogen production and distribution stations** using electricity produced in Wallonia to supply captive bus fleets. To this end, the Government has made provision for recoverable advances of an estimated €8 million for the two projects as well as subsidies in the order of €8.7 million.

Within the Civil Service, the Government adopted its first **social responsibility report** in October 2019, highlighting the approach to promoting sustainable development within the Walloon Public Service, centred on training provision, the provision of tools and an advisory and support mission. The Regional Policy Declaration envisages the strategic committee will propose, in its draft administration contract with the Government, strategic objectives accompanied by operational measures in the area of climate and development.

Given its economic weight (12% of Belgian GDP), public procurement represents an important lever for sustainable development. To this end, Wallonia adopted the decree of 30 April 2019 on the incorporation of environmental, social and ethical clauses in subsidised **public contracts** with a view to adopting efficient management of resources in the context of public procurement.

The Walloon and Flemish Governments have also jointly undertaken to encourage **CO₂ reduction in the construction sector through their public procurement**. The two regions have reached an agreement to launch some 20 pilot projects between 2019 and 2022. These pilot contracts will introduce CO₂ performance criteria, which will reward the best performing companies in this area.

Renewable energies

The Regional Policy Declaration envisages that the Government will set out an energy vision which takes into account the phasing out of nuclear energy by 2025, the elimination of fossil fuels in favour of 100% renewable energy by 2050 and the intention to intensively develop energy efficiency, in accordance with the energy-climate pact. An adapted trajectory setting out precise targets for energy efficiency and the roll-out of renewable energy, sector by sector, will be

developed in the context of the adoption of the PACE measures which aim to achieve a 55% reduction in greenhouse gas emissions by 2030. The energy vision will cover electricity, heating and transport and will take into account cost, technical potential and the acceptability of the technologies. The energy vision will focus on a transition to a decentralised and decarbonised energy system in cooperation with the federal authority, the other Regions and the European Union and taking into account security of supply, stability and cost optimisation and the reduction of emissions of greenhouse gases and other air pollutants.

The Walloon contribution to the **National Energy-Climate Plan** sets a target for renewable energy in gross final consumption of around 23.5% in 2030 (all uses combined: electricity, heating, transport), and details this target sector by sector.

The Government has envisaged developing an "**Employment-Environment-Renewable Energy**" alliance to create a virtuous cycle. Starting by identifying the Walloon actors in the various renewable sectors and their needs, the Government will assess the manpower requirements for the coming years in accordance with the pathways decided upon, and will adapt the training, qualification and employment support sectors accordingly.

Moreover, the Government will encourage cooperatives which are active in energy saving, shared renewable production and collective storage or energy management at the level of a territorial community or neighbourhood, bringing together local public actors, SMEs and citizens, so that the community can take back control of energy. In this regard, in May 2019 Parliament adopted a decree promoting the development of **renewable energy communities**. As such, while mobilising the public network, various entities (natural or legal persons) within a perimeter may agree to pool and synchronise their electricity generation and consumption.

Resource efficiency

The Government is committed to **making building renovation and energy efficiency** a major regional priority. By 1 April 2020 at the latest, it will review, in consultation with the sectors concerned, the objectives and the pace of implementation of the strategy for the renovation of the Walloon building stock to make them consistent with the revised climate target for 2030. The final objective is to aim for carbon neutrality for the entire building stock by 2050, with an intermediate target for 2030 revised upwards. In the context of this strategy, the Government will gradually strengthen the criteria for the energy performance of buildings (EPB). In consultation with the sector, the Government will implement a project to insulate and renovate 250,000 housing units and 2,500 public buildings and schools, in particular through a third-party investor mechanism and soft loans.

An "**Employment-Environment-Renovation**" alliance will be drawn up by the Government. It will aim to stimulate demand for renovating the building stock, build capacity and develop the necessary skills in the sectors of renovation, sustainable construction, eco-construction, natural insulation and renewable energy generation.

The reformed **housing and energy bonuses** (Primes Habitation) came into effect on 1 June 2019. The aim of the reform is to simplify procedures for more accessible bonuses. Any applicant will have to solicit a housing auditor to list all the work to be carried out in terms of energy and hygiene, as well as the order in which it needs to be carried out. Once the audit has been carried out, it will be sufficient to submit a request for bonuses to the administration, which will apply to all the work. Applicants will remain free to carry out all or part of the work, and to phase it over time, according to their means. Previously excluded from the scheme, income of more than €97,700 (indexed amounts) will now be able to apply for bonuses with amounts adapted to their category. Landlords will also be able to make use of the scheme, provided that they comply with the indicative rent scale. In the context of the Walloon Investment Plan, in May 2019 the Government released an additional €12.5 million to improve the **energy performance of public housing**.

In addition, in the context of the reform of 'chèques-entreprises' (business cheques), a new **energy cheque** has been created. This facilitates access to energy audit subsidies for SMEs. At the same time, the Government has decided to include in the AMURE³ programme specific subsidies for SMEs in the catering, wholesale trade and retail sectors that invest in the insulation, ventilation, and LED lighting of their buildings or the insulation of their cold rooms.

In terms of environmental and energy policy with industry, the Walloon Government has started discussions to prepare a 3rd generation of **sectoral agreements** with the industry federations. In the meantime, a decision has been taken to extend the 2014-2020 phase until 2023 (signature of the amendments to the agreement in May 2019), with objectives adapted accordingly.

3.5. 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.

We refer to section 2.2. concerning the actions carried out in the field of socio-professional integration.

Social inclusion and poverty reduction

The RPD provides for the adoption of a new **cross-cutting poverty reduction plan** with the objective of a sustainable exit from poverty. In particular, this plan will need to ensure that the impact of policies is assessed to address the root causes of child poverty and take measures to support people in precarious situations, including single parent families. An evaluation of the previous plan was conducted in 2019. The fight against child poverty has also been at the heart of **the action plan on the rights of the child** for the period 2016-2019. In view of the concluding observations of the Committee on the Rights of the Child issued in February 2019, Wallonia will further strengthen its projects to combat child poverty when it adopts its next plan for 2020-2024.

In order to ensure a new, more egalitarian model of **family allowance**, the Walloon Government initiated a reform in 2019, the main objectives of which are modernity - in the sense of taking account of contemporary family structures (blended families or single-parent families) - accessibility and transparency, which allow citizens better control over the exercise of their rights and greater predictability, and support for parenthood rather than births. The right to family allowance as a right of the child aims to contribute to the costs of the maintenance and upbringing of children. Moreover, the automation of the law supported by the reform is considered a tool for combating child poverty under the Walloon Plan.

Family allowance in Wallonia is now based on a basic principle: one child equals one child. In concrete terms, this means that every child born on or after 1 January 2020 is entitled to the same basic amount. This will be €155 per month from 0 to 17 years old and €165 per month from 18 to 24 years old. Supplements may be added to this basic amount to take into account the family situation or the situation of the child. These supplements are designed to protect the most vulnerable families. Bonuses have also been envisaged at the time of the birth or adoption of a child or at the start of the school year.

The Walloon Government has validated 196 **Social Cohesion Plans** (PCS in French) submitted by 205 local authorities (municipalities and CPAS) in Wallonia for 2020-2025. These are broken down into coordinated actions aimed at promoting effective access to fundamental rights (socio-professional integration, training, access to decent housing, access to health, treatment of addiction, mobility, rebuilding social, intergenerational and intercultural connections, etc.) and

³ Subsidies to companies for carrying out audits and studies aimed at energy efficiency, more rational use of energy and the use of renewable energy sources.



contributing to the construction of a society based on solidarity and co-responsibility for the well-being of all. The annual budget is €24.5 million.

Housing

The Regional Policy Declaration sets the medium-term objective of aiming for **10% public housing** in Wallonia and its living areas. On the basis of the latest statistical information available, it is estimated that 36,298 public housing units need to be created in order to achieve this objective.

To this end, the Government will draw on various levers, including the establishment of a drawing right for investments within a public housing investment fund, both for new housing and for renovations, guaranteeing budgetary predictability and administrative simplification for operators, and the use of proportionate urban planning charges for the creation of public housing and subsidised housing. The Government will adopt a rent allowance for households with precarious incomes that have been validly registered on the waiting list for social housing for a given period of time, based on specific criteria.

The Regional Policy Declaration 2019-2024 also aims to be ambitious for the Social Housing Agencies sector (AIS in French). In effect, 6,000 new homes must be taken under management by these agencies during the current legislature. Consequently, there is a need for a wide range of actions to be taken to achieve this objective. As of 18 December 2019, the Government had already laid the first stone in bolstering the sector by officially recognising the Walloon Union of AIS, a non-profit associations active since 2014 and grouping together the directors of the structure, as a representative federation of the sector. In order to optimise territorial coverage, the Region has called on the municipalities not currently served by an AIS to encourage them to either join a neighbouring AIS or to set up a new AIS when several adjoining municipalities do not have one. Other measures are being considered, whether fiscal measures to encourage private owners to put their property(ies) under management via an AIS or measures aimed at the sustainability and promotion of the sector.

In April 2019, the Walloon Government approved a **new mechanism at the first reading for renting with an option to buy in public housing**. The sales price of the property is determined at the time the tenancy agreement is concluded. The rent paid by the tenant consists of the usual rental fee in the public sector and automatic savings, the amount of which is agreed between the tenant and the public service housing agency. These savings will be available to the tenant at the time of sale, plus interest.

As mentioned above, the new **housing and energy bonus system** (Primes Habitation) came into effect on 1 June 2019. The amount of the energy and hygiene bonuses is linked to 5 income categories; the basic amounts are multiplied by 6 for low-income households. The amount of the insulation bonuses also increases on the basis of the energy savings achieved. This bonus scheme provides for a simplification of the procedures and feedback from an auditor within the scheme to ensure the effectiveness of the works carried out.

With regard to the reception of dependent persons, in May 2019 the Walloon Government approved a decree organising the **reform of assistance to the elderly** at the final reading. It has implemented the decree from February that will allow the creation of more than 11,000 new places in rest homes by 2030. The Government has also laid down new rules to ensure better financial accessibility, promote well-being and ensure permanent striving towards quality of life for senior citizens in institutions.

The Government has also decided to convert 2,266 **Rest home (MR in French) beds into Rest and Care Home (MRS in French) beds** throughout Wallonia. €22 million has been made available in the 2020 budget to implement this operation. This measure is intended to improve care for many residents without any increase in cost on their part.

In early 2020, the Government decided to enhance the **"Housing First"** scheme to support and rehouse people who have been without a roof over their heads for a short period of time, given

that the eradication of homelessness is a priority for the Government. Following a call for applications, an additional €350,000 has been earmarked to recruit a person specifically dedicated to this task in each social relay. With this additional amount, the annual budget for the scheme is now close to €1 million.

Furthermore, in February 2020, the Government adopted the 2020 programme for **shelters, community life and night shelters**. 26 new places and an additional budget of €503,000 will now be structurally awarded to this sector of social action. Shelters provide temporary accommodation for people in social difficulties. Night shelters, on the other hand, provide emergency collective accommodation for the night, particularly for people in need.

In May 2019, Parliament adopted the decree on the **reception of Travellers**, which provides, inter alia, for the creation of ten new reception sites. A call for projects was launched in 2019 to finance municipalities wishing to develop a reception site; 9 applications were validated, the projects must be submitted by 30 June 2020. The total budget is €5 million, with a maximum of €500,000 per project.

4. SUPPLEMENTARY REFORM MEASURES: INDUSTRIAL POLICY, CIRCULAR ECONOMY AND SUPPORT FOR SMEs

The Walloon Government has continued the implementation of the regional development strategy by activating different levers of competitiveness. This will involve in particular developing a favourable environment and measures to support investment, entrepreneurship 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 resources also include the growth of the circular economy and industry's efficient use of resources and are already an integral part of Wallonia's smart specialisation strategy.

4.1. *Support for SMEs*

In order to strengthen the effectiveness of its policy of support for the self-employed, cooperatives, VSEs and SMEs, and social entrepreneurs, the Government has planned to strengthen the steering role of the Walloon support and assistance structures played by SOWALFIN and to reform the Walloon assistance landscape for greater coherence, efficiency and evaluation. Work is under way to **redefine the priorities of regional SME policy**. This will include strengthening the growth and competitiveness of SMEs, developing entrepreneurial skills and fostering the dynamics of the circular economy and sustainable energy use by businesses.

In the area of entrepreneurship, the "**entrepreneurial generations**" programme, which raises awareness of entrepreneurship among young people, is being continued. The aim is to reach 100,000 young people per year by the end of the legislature. In 2019, 30,000 young people were provided with information in schools. From infant school onwards, for example, children are introduced to a range of skills such as taking initiative, having a sense of responsibility, team spirit and self-confidence. The tools used range from storytelling for infants, project management, visits by an entrepreneur, to setting up higher education students' own veritable business.

A plan to support **female entrepreneurship** was also adopted in May 2019. The programme focuses on 3 strands: training (with support from the ESF), managerial support during pregnancy/maternity leave (budget €450,000), and awareness-raising activities.

In 2019, SOWALFIN launched a **growth accelerator for SMEs**, in partnership with the Walloon Union of Enterprises. The main objective of this partnership is to foster the emergence of the future champions of the Walloon economy. This pilot project brings together 17 companies selected from the databases of the 'Invests wallons' and the SRIW (Wallonia regional investment

company) according to a series of criteria such as turnover, employment, profitability or financial capacity. The project targets medium-sized SMEs that have growth potential, with managers who are looking for a challenge. For 18 months, 17 managers will follow different modules each month on a different theme (governance, human resources management, management of financial relations with banks, etc.).

In addition, in December 2019 the Government decided to extend the tax incentive through the **'Coup de Pouce' loan** (helping hand) until 31 December 2021. This scheme allows private individuals to lend money to Walloon companies and self-employed people to finance their activities. In return, they receive a tax benefit in the form of an annual tax credit amounting to 4% for the first four years and 2.5% for the subsequent four years, if this is the case. As of 30 June 2019, there were 574 loans registered for an amount of €10,744,234. The average loan is €18,718.

Still on the subject of financial tools, three new products aimed at supporting Wallonia's **international development** were launched by SOFINEX in January 2020:

- The direct granting of a guarantee to SMEs wishing to expand internationally by setting up a subsidiary. The maximum percentage of cover is 50% of the amount invested, up to a maximum of €250,000;
- The refinancing of a leasing or supplier credit granted by an SME to its foreign customers. The ceiling of the intervention is 75% of the amount of the contract with a maximum coverage of €500,000 per project;
- The direct granting of a guarantee to foreign SMEs in the context of an investment in Wallonia.

It should also be noted that in order to **respond to the difficulties created by the COVID-19 crisis for SMEs**, the Government has set up a taskforce to inform, assist and support Walloon companies. Requests for information from companies will be handled via a single number, 1890. Furthermore, SOWALFIN, SOGEPa and the SRIW will provide a solution to companies with cash flow difficulties, in the form of a bank guarantee or loan, in consultation with the banking sector. More specific support for certain companies may also be provided. Lastly, the SPW Economy will make the deadlines for firms subject to a commitment vis-à-vis the Walloon Region more flexible (target in terms of jobs, deadline for repayment of aid, etc.). In addition, the Government has decided to set up an extraordinary crisis fund of €350 million to support sectors that are suffering economic damage from the coronavirus.

4.2. Industrial policy

As indicated above, the Government has started work on renewing its **Smart specialisation strategy (S3)**, which should be completed by the end of 2020. This will constitute the strategic reference framework for regional industrial policy. It will include the enhancement and development of strategic sectors and priority value chains, aiming at international integration. In this respect, Wallonia has been part of the dynamic development of **strategic value chains** defined at European level. In particular, it is involved in the IPCEI Batteries project in which several Walloon companies are participating.

At the level of the **Competitiveness Clusters** Policy, implementation of this policy continues, in particular through regular calls for projects. As such, in March 2020, a budget of €20 million was allocated to various research and innovation projects and investments in research facilities, particularly in the fields of health, the environment and food. This policy was independently evaluated as part of the evaluation works of the Marshall Plan 4.0. The new Government plans to continue this policy of competitiveness clusters by incorporating them into the social, ecological and economic transition. The main orientations outlined at this stage are:



- To specialise the action according to the strengths that the Competitiveness Clusters have each developed and the assets that they represent for Wallonia, and to encourage synergies with economic actors;
- To reinforce the accessibility of SMEs to competitiveness clusters and research centres;
- To ensure more effective internationalisation of the members of the Clusters and support participation in European calls for projects;
- To promote and extend the collaborations between Clusters in inter-sectoral fields or on the basis of social problems.
- The Competitiveness Clusters will coordinate their actions with the training actors in their application domains through their ability to identify training needs related to industrial innovation. The links between the Clusters and training structures (training centres and competence centres) will be structured and strengthened. The digital professions will receive particular attention.

The Government will draw up a contract of objectives and resources specific to each of the Competitiveness Clusters, in consultation with them, for the duration of the legislature. In line with the strategy of smart specialisation, this contract will set out the objectives (common and specific), performance indicators, the main tools, the evaluation processes, the financial resources, the modalities of collaboration with public bodies and regional administrations, the rules of governance, the arrangements for ensuring transparency of decisions, and the reporting obligations.

As detailed in section 2.3, several Walloon Poles or clusters are involved in **INNOSUP** (Horizon 2020) projects related to digital issues. Several clusters are also involved in inter-cluster collaboration projects at the European level, in particular via the S3 platform (WAGRALIM on nutrition and smart sensors, BLOWIN and MECATECH on Medtech) or the COSME programme (COSME cluster Go international projects, ESCP.S3 on Medtech, etc.).

The Clusters are also partners in the 'Made Different' programme to support the digitisation of companies, and in the '**Digital Innovation**' programme launched in 2019 by the INFOPOLE ICT cluster, which aims to strengthen the digital dimension in the calls for projects of the clusters. MECATECH and SOWALFIN have also launched an **Easy'Up4Process** call for the financing of 'proofs of concept' for Industry 4.0 (closing February 2020).

It should also be noted that the Walloon Government plans to **overhaul the various aid schemes for businesses** to ensure rational use of public funds: investment aid, top-tier aid to businesses, investment financing mechanisms (second-tier aid for tangible and intangible investments, including R&D). One objective will be to redirect resources towards transition issues.

Wallonia will adopt a decree on the organisation of orientation, awareness-raising and support for businesses in the **ecological, social and economic transition**. This decree will lay down a transparent framework for the functioning of the various operators and will set up a clear and precise mechanism to organise the regular evaluation of the performance of these operators.

4.3. Circular economy

The Regional Policy Declaration is extremely proactive regarding the development of the circular economy, since it aims to ensure that all economic activities in Wallonia fall within a circular economy approach. A series of measures are envisaged, including the promotion of low-carbon production methods, a zero waste policy, short circuits, the end of planned obsolescence, the clean-up of industrial brownfield sites, the planned reduction in the use of plastics (the aim is to phase out Wallonia's use of plastics by 2030), the development of recycling and reuse channels.



Wallonia will encourage project managers and entrepreneurs who implement their activities within the framework of the energy transition and the circular economy. Wallonia also intends to integrate the circular economy into all public tools and services, in policies for aid, support, financing and business support, and to make it a development opportunity for the Walloon economy. It will promote the financing of circular economy projects and in particular R&D. Walloon zoning will be gradually transformed into eco-zoning. The Government will also give maximum support to circularity through all public contracts and procurement in Wallonia.

With this in mind, in January 2020 the Walloon Government validated the introduction of tools designed to develop a new **strategy for the circular economy**. To develop this strategy, three governance bodies will be set up: a Steering Committee, an Intra-Administration Platform and a Guidance Committee. The strategy will propose strategic and operational objectives and cross-cutting facilitation measures. In addition, a public consultation will also be held during the year. The aim is to adopt the Circular Economy Strategy by the end of the year at the latest.

Several concrete initiatives have also been launched. As such, in the context of the reform of 'chèques-entreprises' (business cheques), a new '**circular economy**' **cheque** has been created. It aims to provide support for the implementation of actions in businesses aimed at optimising the use of tangible and intangible resources with a view to a sustainable transition of activities towards a more circular economy. Two types of services are proposed, studies of the economic feasibility of the circular economy project and/or the evolution of activities towards more circularity and studies of the technical feasibility of the project.

In addition to the call for projects aimed at creating a **plastic recycling industry in Wallonia** (cf. section 2.3), Wallonia is preparing the launch of a **pilot project to support innovation projects on the circularity of plastics**. This is part of the pilot project on the industrial transition supported by the European Commission. A subsidy agreement was signed in October 2019 with the Commission. A budget of €300,000 has been allocated by the Commission to launch this project. It aims to test a new approach to support innovation projects implemented by SMEs or start-ups, based on a challenge-based approach. The action is under preparation and will be launched in 2020. 10 SMEs will be supported. The project is implemented in collaboration between the administration and the PEPIT platform, which includes 3 clusters/Poles and several research centres.

A '**Green deal**' for circular procurement was launched at the end of November 2019; 110 companies and public organisations have signed up. The signatories have undertaken to implement at least two circular pilot projects in procurement or support, within 3 years of the Green Deal. The participants in the Green Deal will together form a learning network involving producers and suppliers. This network of buyers and facilitators will meet approximately four times a year to inspire and support the participants.

Finally, 58 Walloon municipalities have undertaken to move towards sustainable and responsible procurement within their administration and on their territory, by signing up to a **charter**.

5. EUROPEAN STRUCTURAL AND INVESTMENT FUNDS

With 95% decided by the end of September 2019, the **2014-2020 programming** of the Structural and Investment Funds (ERDF and ESF) now focuses on project implementation. 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 specific contribution of the Funds is individually highlighted in the various sections.

As regards the ERDF's OP for Wallonia, 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, the rehabilitation of former industrial brownfield sites, but also the development of training and major infrastructures, for example in connection with intermodality. More than 30% of the budgets have been spent. Recent initiatives include the launch of a call for COOPILOT projects to support the development of collaborative industrial demonstration projects, the inauguration of several spaces dedicated to Creative Hubs, research infrastructures and the deployment of 'smart cities' projects. These projects are part of the Regional Smart specialisation strategy (S3). In addition, as part of its selection by the European Commission as a pilot region for the industrial transition, Wallonia has worked closely with the Commission (and the other selected regions) to develop its S3 in line with the challenges of industrial transformation; the subsidy agreement with the Commission was signed in October 2019 to implement a pilot action in support of innovative SMEs in the area of plastics.

Along with border regions in Belgium, France, Germany and the Netherlands, Wallonia is involved in the implementation of the INTERREG V programmes "France-Wallonia-Flanders", "Greater Region", "Euregio Meuse-Rhine" and "North-West Europe", for which most of the budgets are now committed, to support projects aimed at strengthening cross-border cohesion in the regional economic fabric.

The priorities developed as part of the ESF are fully in line with the response to recommendation n°2. They relate to high added-value, lifelong training and integration into the employment market, particularly for young NEETS (through the Youth Employment Initiative) and the most vulnerable, support towards 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 all of the funds and the expenditure rate is 40%.

In the context of the ESF, the 'AMIF' Operational Programme (Asylum, Migration, Integration, Training) also contributes to strengthening the effective management of migration flows and the implementation and development of the common asylum and immigration policy. A new project designed to rapidly integrate third-country nationals into the labour market through enhanced cooperation and mobilisation of employers and economic and social partners started in 2019.

Finally, with regard to the Walloon rural development programme 2014-2020 (PWDR), financed by EAFRD, decisions have been made on 80% of the funds, and 61% have been spent. 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.

The regional authorities have started preparatory work for the **2021-2027 programming**, in particular on the basis of the guidelines provided by the European Commission in the context of the European semester: consultation of partners, compliance with the favourable conditions, including the launch of the process of renewing the S3, and identifying regional priorities.

6. GOVERNANCE TO ACHIEVE THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)

On 27 June 2013, Wallonia adopted a **decree on the Walloon sustainable development strategy**. This decree provides for the adoption of such a strategy by the Walloon Government no later than twelve months after it is sworn in. As such, each Walloon sustainable development strategy, in particular its action plan, has a life span in tandem with the legislature and must be monitored every two years.

It should be noted that this decree relating to the Walloon sustainable development strategy was amended on 30 April 2019 to include the 'Manger Demain' (Eat Tomorrow) strategy (on the subject of sustainable food) as one of the thematic transitions necessary to achieve sustainable development, and to envisage the setting out of other thematic transitions to be included in the



Walloon sustainable development strategy in the future. The decree is now called "Decree of 27 June 2013 on the Walloon sustainable development strategy and the transition issues arising therefrom".

By virtue of this decree, on 7 July 2016 Wallonia adopted the **second Walloon Sustainable Development Strategy** (SWDD in French), which is part of the implementation of the Sustainable Development Goals and contains an action plan targeted at changing consumption and production patterns, particularly in the areas of food, energy and natural resources.

A second monitoring report on the progress of Wallonia towards the SDGs was adopted by the Government in March 2020⁴, with recommendations.

⁴ <http://developpementdurable.wallonie.be/bilan-des-progres>