



## Europe 2020 strategy : Contribution from Wallonia and the Wallonia-Brussels Federation to the 2014 National Belgian Reform Program

### 1. Introduction

The Walloon Governments and the Wallonia-Brussels Federation are increasing their efforts to implement the main reform projects identified in the previous PNRs. An emphasis is placed on the completion of the Marshall 2.green Plan, support to reflation, competitiveness and economy durability, including via R&D, innovation, and responsibility development. Various Marshall 2.green Plan **assessment** projects were also completed in 2014.

In addition, in advance of the implementation of the 6<sup>th</sup> State reform, a lot of preparation work has been conducted. Specifically, the **2022 Marshall Plan** was passed in 2<sup>nd</sup> session in December 2013. It sets the path for Wallonia to be in a position to meet the challenges that it has to face, in terms of competitiveness, of environmental and budget durability, in terms of demography and health, as well as in connection with responsibility transfers. Although it is a long term deliberation, first actions have already been initiated. That thought was conducted in partnership with all stakeholders.

In addition Governments have fully included in this reform process and in their action the need to address the recommendations issued by the Council in the framework of the European semester. As a result, the close dialogue maintained with the Commission throughout the whole process, which has been reinforced in the past years, has proved very useful and constructive.

In line with the path set last year, special attention has been paid in 2013 and in the first quarter of 2014 to policy efficiency, through the continuation of the structure rationalisation and simplification work, as well as the preparation work for welcoming new responsibilities. In addition, the synergies between Wallonia and the Wallonia-Brussels Federation as well as the cooperation with the other federated entities have been increased based on reinforced coordination terms.

#### *6<sup>th</sup> State reform*

The Walloon and Wallonia-Brussels Federation Governments passed in February 2012 a **welcome and methodology strategy** for transferred responsibilities. That methodology, among other things, set up 9 groups of thematic work based on the subjects that will be transferred (job market, Mobility and road safety, Economic and industrial policy, Energy, Environment and climate, Agriculture, City Planning, Housing and territory development, Local administration, health, aid to persons and family allowances) and 6 cross-functional work groups (Locations and logistics, TIC, Civil Service, administrative Configuration, Legal, Budget and Tax).

A first report was handed in in June 2013, containing a list of existing structures and of subjects to be retransferred, and the second progress report in late December 2013. The latter shows the progress status of the preparation of the reception of new Walloon responsibilities. On that basis, the Government has already determined the administrative departments that will have to manage numerous responsibilities, upon their effective transfer. The third report



is scheduled for the 1st quarter of 2014. Simultaneously, the protocols organising, during the transition period, the exchange and cooperation terms for the various transferred subjects are being elaborated within year inter-federal task force ; the purpose is to finish before the end of the legislature.

The priority has been placed in that process on the administrative reception of the responsibilities and service continuity, in order to avoid any legal gap. In addition, the **thought on the use of the new levers** provided to the Region has been initiated **with a view to increasing the regional growth strategy**, including in the framework of the 2022 Marshall Plan process. First orientations have been materialised (commercial establishments, Contribution fund), and that deliberation will need to be completed in the framework of the 2014-2019 legislature.

Beyond the federal reform, the management of some responsibilities is the purpose of agreements specific to Walloons and French speaking Brusselians. A **special commission on the State reform** has additionally been set up within the Walloon Parliament in January 2014.

In addition, the preparation of the reception of the new responsibilities is organised in agreement with the social partners. The **Group of Walloon social partners (GPS-W)** set up on 5 December 2013 is aimed at reinforcing the negotiation and dialogue role of the Walloon social partners and developing a constructive social environment furthering socio-economic growth in Wallonia. The priority themes, though not exclusive, will cover the responsibility transfers related to the 6<sup>ème</sup> State reform.

The new financing Act and the responsibility transfers will be effective July 1, 2014, with a transition period scheduled until January 1, 2015, on which date the collection of the means related to the transferred subjects will be exercised by the Regions.

## **2. Reply to recommendations**

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### **2.1. Recommendation n° 1 : Public finance cleansing**

Back in 2009, the Walloon Government and the Government of the Wallonia-Brussels Federation made a firm commitment to re-establishing the budget balance of the two Entities by 2015. That commitment is fully in line with the overall budget ne submitted by Belgium in April 2012 in its 2012-2015 stability Programme (which brings the deficit under the bar of 3% of GDP in 2012 and plans on budget balance in 2015).

From 2009 to 2013, the savings achieved reached more than 2 billion €.

Based on the agreement that took place in July 2013 on the 2014 budget objectives of Belgium, in line with the expectations of the European Union, the efforts made for that year will be more significant than planned by the budget line (-169 million €), to reach a deficit limited to 6 million € for both entities (+86 million € for Wallonia and -92 million € for the Wallonia-Brussels Federation ).

The measures decided to reach those objectives cover infrastructure valorisation, the slowing of some investments regarding all sectors (85 million € savings), primary expense reduction in an amount of 80 million € (civil service, optional credits, dynamic debt management, OIP), increase in some proceeds via better perception, in an amount of 75 million € (traffic tax and release tax, registration duties, axle tax), and the introduction of a tax on GSM masts and wind masts (26 million €).



In addition, in December 2013, both entities passed the transposition Acts for the Treaty on stability, coordination and governance within the UEM. They set the **budget effort sharing terms** between power levels, as well as the cooperation systems and, in the event of Wallonia and the Wallonia-Brussels Federation, also insist in the significance of reaching the social and environmental objectives of the UE2020 strategy. Each entity is responsible for local powers in the exercising of their supervision and jurisdiction. The duties arising from the Treaty have thus been transposed in the budget circulars sent by Wallonia to cities in 2013.

Lastly, the Walloon Government set up in July 2013 a **Council for Taxation and Finances**. It has technical responsibility for deliberating, studying and advising on the taxation, finances and proceeds of Wallonia. Its setting up is in line with the framework of the growing autonomy of the Region in tax and financial areas.

## **2.2. Recommendation n° 2 : Sustainable public finances**

Following the change in the special financing Act, the Government of the Wallonia-Brussels Federation plans on the gradual payment of the **pensions** of its civil servants and the necessary budget ; this mainly concerns teachers.

Regarding the transfer of responsibilities relating to **health, people aid and family allowances**, there has been an agreement at French-speaking level completing that transfer to the regions ; the transfer orders and the ratification of the cooperation agreement are in the process of being passed, with the goal of finishing before the end of the legislature. The Government has already confirmed the principle of the setting up of a Walloon public interest organisation.

Regarding the political line in terms of health care and persona id, the deliberation was initiated in the framework of the 2022 Marshall Plan, with a view to stimulating innovation, optimising health care management and developing alternate forms of dependence management.

A prospective study was initiated in September in order to analyse the potential effects ON Wallonia of the demographic transition, the trends in terms of elderly person growth, the healthy life expectancy, disabled person ageing, the increase in the number of persons in a great dependence situation. The goal will be to identify necessary and priority reinforcements with a view to a concerted investment policy.

A « Great dependence plan » has been put forward in last May in order to reinforce and diversify the service offer in favour of people with a disability. An amount of 4.5 million € was released in September 2013.

Regarding senior people, the Walloon Government passed (1st reading) in early 2014 an order relating to senior people accommodation and reception establishments aimed at the creation of homes-social services. They have to be set up on the site of a rest house or rest and care house, and comply with the rules of social housing in terms of home granting and price setting. The purpose is to diversify the offer and facilitate access for elderly persons with low or precarious income.

The Walloon Government has recently passed the Walloon plan for hospital care quality, which is aimed at improving care quality through a multiple aspect approach. The investment lines in the hospital area will be passed shortly in the framework of the new 2015-2021 work schedule.



Lastly, the Walloon Government passed in 1<sup>st</sup> reading the Order relating to the Walloon health network, which is aimed at setting up an electronic exchange platform between care providers.

### 2.3. *Recommendation n° 3 : Competitiveness*

With the levers available on regional and community levels, Governments can act on non salary competitiveness-cost as well as non cost competitiveness.

Regarding the first aspect, in the framework of the development of its actions in the area of industrial ecology, the Government has developed programmes to promote **efficiency in the use of resources**. Thus it decided in July 2013 to ensure long term viability to the **NEXT** system dedicated to circular economy, via Behat will.Fin (a subsidiary of the SRIW). At company level, the NEXT programme is aimed at the setting up of businesses and jobs covering all areas of the circular economy (including raw materials, substitution, recycling, reuse, circular design, reverse logistics, new economic models – including the sale of the use rather than of the product) and the operation of saving areas in the current operational costs of SMEs. In addition, the Government has decided to set up, within the Agence pour l'Entreprise et l'Innovation (AEI), a **Reference centre for short circuits and circular economy**, that will raise awareness and offer support services and scholarships to the SMEs that are involved in the process ; the goal is to reduce the dependence of the Walloon industry to raw materials and develop secondary material recycling. In addition, various projects have been initiated with a view to developing new innovative areas for waste treatment, as well as several R&D projects aimed at improving the energy efficiency of industrial processes and the development of low greenhouse effect gas emission technologies.

In addition, the signing of the agreements relating to the **2<sup>nd</sup> generation branch agreements** took place in December 2013 ; membership is on a voluntary basis. 158 sites of 13 federations continue the process with new goals suited to the specific requirements of each area (technological industry, graphic industries, chemistry, paper pulp, steel, glass, lime). In addition to a decrease in their energy bill resulting from the measures taken, companies receive grants and electrical price discounts. The new agreements encourage companies to review the opportunities to use sustainable energies (solar panels, bio combustible cogeneration, waste recycling). They also encourage companies to have in-depth knowledge of the energy flows on their production sites as well as a carbon balance of their business.

Lastly, the test project « **Smart parks** » will be extended in 2014 to all of Wallonia. Its goal is to help companies control their electrical consumption and develop communication and analysis tools for the data provided by smart meters. Meeting company managers helps show improvement areas, or even possible anomalies and especially, direct them towards technical or organisation solutions facilitating smart management of electrical energy. The project is based on a public-private partnership between the intercity authorities and the ORES and TECTEO companies. Currently, 200 companies are taking an active part in the project and have achieved significant gains reaching 25 % of the annual electrical bill.

Regarding the second aspect, the competitiveness stimulation and activity and job creation goals are at the centre of the Marshall 2.green Plan . It constitutes the general framework of a **consistent and integrated industrial and innovation policy that is at the core of the regional approach to smart specialisation**. The competitiveness and clustering centre policy is the backbone of that policy, on which are based measures in the area of SME financing and support, R&D&I stimulation, responsibility development, investor attraction and exportation support, infrastructure development, TIC, administrative simplification,... The research



strategy continued to bear fruits through international programmes, call for bids launching and closing, investments in major research organisation, inter alia. Recent projects are described in sections 3 and 4.

#### **2.4. Recommendation n° 4: Competition in the area of services and network the industries**

The **Commercial Growth Plan** was passed in August 2013 by the Walloon Government. It is an informational framework whose aim is to organise the commercial landscape based on objective criteria compatible with the European service directive (consumer protection, protection of city environment, social policy objectives and contribution to more sustainable mobility). Those criteria have been translated in the form of an order on **commercial establishments** (passed in 1st reading on 9 January 2014), that also sets the administrative organisation. It will be the new regulatory basis upon the responsibility transfer on July 1, 2014.

The text will allow to control the establishment of commercial businesses, give decision-making bodies modern information tools, and incorporate in the decision-making process the impacts on mobility. Cities will be responsible for using commercial establishment permits for surface areas ranging from 400 and 4 000 m<sup>2</sup>. Beyond that, the Walloon Region will be responsible. The order also sets up « Coty commercial development plants » and simplified procedures for applicants : one stop office, integrated permit,... in connection with the provisions of the future « Territorial Development Code ».

Regarding **access to the trade**, it is specified that Regions exercise that responsibility as from January 1, 2015. The company desks retain responsibility for reviewing entrepreneurial responsibilities following registration with the Banque-Carrefour des Entreprises as commercial or craft company. The responsibility will be handled in line with current provisions, harmoniously between the regions (principle of mutual acknowledgement).

An order setting the principles and methodologies of **Gradual, solidarity-based and family pricing** for electricity was passed in January 2014. That system introduces progressivity and more fairness in prices including by linking further the price per kWh to electrical consumption. It will become effective after January 1, 2015.

Another **photovoltaic support** system for low power (up to 10 kWc, Quali watt) was passed in January 2014. It will offer citizens, through a simplified bonus system granted by the managers of the distribution network, guarantees of prompt reimbursement of future systems and an advantageous, yet non speculative profitability rate, in order to achieve a controlled impact on the consumer's bill. In addition, an agreement has been found in the Government on the management of the photovoltaic support system (Sol watt) with a view to controlling its impact on each consumer's energy bill.

In addition Parliament passed, in December 2013, a set of provisions aimed at setting up in the order relating to electricity market organisation an exemption system for a number of economic and social activities in order to protect their competitiveness (for the year 2013) and a system for keeping the green certificates submitted to the electricity transport grid manager in the framework of its public service duty relating to the purchase of green certificates at a minimum guaranteed price. Legal work is being conducted in order to extend the exemptions beyond 2013. Greater power photovoltaic (exceeding 10 kWc) will still be supported, like



other sustainable source electricity production areas, through the green certificate system through an annual closed budget, in order to control the cost to the population.

In the area of distribution, the Government passed on January 16, 2014, a draft order relating to **price provisions in terms of gas and electricity distribution**. The CWaPE will be in charge of defining the price methodology and approving the prices of the distribution grid managers as from January 1, 2015. It is an order allowing the management of the responsibility on a transitory basis and with no legal gap, before the passing of a rate order by the Walloon Parliament.

In addition, the Walloon Government passed in 3<sup>rd</sup> reading in March 2014, a draft order containing a set of provisions aimed at improving the **operation of the electricity market**, specifically regarding social measures, professional closed grids and private grids, the introduction of smart management principles and the reinforcement of the controller's independence. The passing of the text is scheduled for early 2014. A similar text was passed in 1<sup>st</sup> reading for the **gas market** in December 2013. They will allow to comply with the requirements of the directives of the third energy package passed in 2009.

Let us also mention the setting up of the energy controller exchange Forum in order to further dialogue, specifically in the areas of shared responsibilities. In addition, the CREG has made its expertise available to regional operators.

## ***2.5. Recommendation n° 5 : Taxation and green taxation***

Since January 1, 2014, the environmental penalty system has been extended to vehicles registered by companies, according to the same schedule as the one applicable to individuals. In addition, a better collection of the various taxes will be ensured (traffic tax and release tax, registration duties, axle tax).

In addition, the **real estate taxation** on houses considered as modest has been amended. The application of the reduced registration duty rate now only applies to a limited bracket of the value of the property, in order to prevent the rate from applying to false modest houses.

In addition, the « **Board for taxation and finances in Wallonia** » set up in 2013 will suggest the Government, based on responsibility transfers, areas and recommendations with a view to possible changes to the tax system in Wallonia.

## ***2.6. Recommendation n° 6 : Job market, education and training policies***

### **Active job seeker support policies**

The draft cooperation agreement **on the support to, and active follow up on, job seekers** was approved in dialogue committee in November 2013, it is in the signing process with various entities. It renews the 2004 agreement relating to the job-seeker support Plan, and introduces some modifications :

- Broader audience : support to people under 55 (as opposed to 50 currently), people under 58 after 2016, part time job-seekers and job-seekers with recognised work disability exceeding 33 % ;
- Specific process for some job-seekers with a combination of psycho-medical-social factors. It is the regions' responsibility to define that category and to support the respective persons ;



- Support and prompter payments by the Regions : 4<sup>th</sup> months for people under 25 and 9<sup>th</sup> months for the others ;
- Prompter follow up at ONEM level : 1st assessment after the 7<sup>th</sup> months until the 12<sup>th</sup> months depending on the category of the public.

The responsibility transfer in the area of job-seeker availability control will take place on July 1, 2014, with a possible transition period until late 2015.

The **individual job-seeker support process** of the FOREM is now entirely rolled out and operational, and constitutes the implementation system for the job-seeker support and active follow up system agreement. In 2013, there were 100 807 new supports, 230 231 individual interviews (review and follow up, vs. 220 877 in 2012) and 418 602 individual interviews and remote follow up services performed in the framework of individual support. Those services applied to 179 910 different people.

Other measures also contribute to the job market drive and to job seeker support. The SESAM plan allows to grant aid to companies under 50 employees hiring job seekers with a complement in favour of low-qualification job seekers and the first three recruitments. The Airbag plan grants a EUR 12 500 subsidiary over two years for persons who wish to start a free-lance career. The access paths of the subsidiary are : passing from a secondary business to a main business, prior support in a Self-employed Job Creation Support Centre, a company manager training course, a higher economy or trade training course or a minimum age of 50 for people with experience in the proposed area of business.

### **Interregional mobility**

The interregional mobility stimulation policy for job seekers is continued based on the 2005 cooperation agreement, which allowed to set up various tools : information exchange system, setting up of joint VDAB/FOREM teams with a view to ensuring the active management of the work stations, job dating events,... In 2014, activities in the area of mobility will be gradually incorporated in the regional departments.

In 2013, the FOREM received 117 344 job offers from other Public Employment Services (SPE) and sent the other SPEs 36 243 job offers. 22 859 people are currently taken back in the mobile reserve, which means that they agree to work in a company in Flanders. 5 740 work positions were managed by the joint VDAB/FOREM teams and 1 191 people found a job in Flanders thanks to that joint team.

The « Employment permit » system set up in 2013 allows the granting of a EUR 1 000 cheque (i.e. 20 hours of driving lessons) to job seekers who want to get their driver's license in the framework of a professional plan. 740 people have already benefitted by it.

Through the Language Plan financed by the Marshall 2.green Plan , the Walloon Government puts an emphasis on **language learning** (national and English) as a factor of worker mobility and of Wallonia opening. The main target publics are job seekers, workers and young people. In order to ensure the durability of that policy, an order formalising all of the measures of the plan was passed in early 2014. This will ensure a lasting frame for the Wallangues centre as well as for all the language learning measures such as the linguistic immersion scholarships, BRIC scholarships as well as aid measures intended for job seekers. The Wallangues centre numbers over 265 000 members. In addition, the Government has decided to set up a Language Centre in Louvain-the-Neuve.



In 2013, 317 343 hours of intensive language training were achieved for the benefit of job seekers ; 749 scholarships were also granted to the job seekers. 116 BRIC scholarships were also granted to young people coming from higher or university education. 585 young people were granted a scholarship to start a second rhéto abroad, Lastly, 73 559 training vouchers were granted to workers in the framework of language learning.

According to the latest figures published by the IWEPS, interregional worker mobility is going up ; in 2012, 238 284 Walloons work outside the territory, vs. 230 170 in 2010 (+3.5 %), including 57 % in Brussels, 21 % in Flanders and 21.5 % abroad. Mobility towards Flanders went up by more than 25 % since 2010 (50 000 in 2012 vs. 40 400 in 2010), whereas towards Brussels the increase is moderate (+3 %).

Compared with 2010, the number of Brusselian commuters entering Wallonia went up too (21 224 in 2012, i.e. a 15 % increase).

### **Consistency between policies, including in favour of young people**

The governments have continued the reform projects allowing to better plan education, training and employment areas, in connection with the needs of the job market, including in the areas of work-study, of qualifying education and of training throughout life. A consistent approach towards the young people has also been developed in the framework of the youth guarantee.

The Action Plan relating to the **Youth Guarantee** was filed with the Commission in December 2013. It is based on the following actions :

1. Acquire tools to better understand and better support young people : public survey ;
2. Adjust the support process to employment and training : a « young people » drive in terms of support will be rolled out, and the implementation of a tutor system with volunteer experienced workers will be tested. In addition, a personalised training course will be favoured ;
3. Prevent young people from dropping out of training : preparation training, support programmes, follow and help programmes, alternating job seeker training, transition internships, issuing of partial and/or full certifications, skill validation ,...;
4. Develop responsibility identification : development of general assessment and guidance tools ;
5. Intensifying the links with companies : transition internships, alternating job seeker training and work-study training ;
6. Develop links with schools in terms of professional guidance : information programmes ;
7. Help job transition : collective or individual programmes in partnership with professional sectors, partnership agreement between the Forem and the respective players ;
8. Develop programmes aimed at NEETS staying in, and returning to, the job market ;
9. Develop the entrepreneurial spirit.

The FOREM will steer the implementation with the respective operators (Training Forem, Skill Centres, IFAPME, education, CPAS, AWIPH, PMS Centres,...). The single contact point at the Belgian level has been entrusted with Synerjob<sup>1</sup>. The implementation of the action

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<sup>1</sup> Synerjob is the Belgian Federation of Public Employment and Training Services, and was set up in 2007 with a view to reinforcing cooperation between the Regions and Communities.





Plan will start in January 2014, with a specific focus on 2014 and 2015. The means granted in the framework of the Young People Employment Initiative will be dedicated to it. The actions will additionally be included in the FSE programmes in order to achieve the continuity thereof over the period. Thus a cross functional intended for young people will be developed ; one of the propose will be to further cooperation between education establishments and to encourage the learning culture throughout life, including by investing in second chance school as well as in professional projects for young people in the framework of an overall policy intended to prevent school dropping.

Regarding **transition internships**, a cooperation agreement with the federal government was signed in December 2013. A new order by the Walloon Government was also published in August 2013. Young Walloons job seekers will be able, as from the seventh months of their enrolment in the FOREM, benefit by that new integration and professional training system with an internship, from 3 to 6 months, with an employer and a training cycle.

In terms of **work and study**, a cooperation agreement on work and study training between Wallonia, the FWB and the COCOF was passed in 2<sup>nd</sup> reading in January 2014 ; it provides for the harmonisation of the by-laws of trainee operators, a single contract, a work and study training process, and the creation of the Office Francophone de la Formation en Alternance (OFFA). That system allows to achieve an integration rate exceeding 85 %. In addition the order on job seeker sandwich training was passed in February 2014. It will target young job seekers (18-25), as well as job seekers in retraining session and will allow maximum 18 months training (including 3 to 6 months under the transition internship system), with a target on high demand areas. It will be organised jointly by the FOREM and the IFAPME.

The draft cooperation Agreement relating to the implementation of **Qualifying education – Training – Employment Living Areas** was approved in 2<sup>nd</sup> reading in January 2014. That system is aimed at furthering cooperation between all players in the world of qualifying education (secondary, higher and social promotion), of the vocational training and of employment in order to achieve qualifying education and vocational training offers that are truly consistent one with the other and meeting socio-economic needs found in each living area. 10 living areas are set up, each one will be headed by a steering body. In order to meet the socio-economic needs of the living area in an optimal manner, the various operators will think about their qualifying education and vocational training offer based on a common analysis of the existing offer and of needs. The Governments additionally in January 2014 the draft cooperation agreement between the Wallonia-Brussels Federation, the Walloon Region and the French Community Commission regarding the creation and the management of a **French—speaking framework for education and training certifications throughout life** (CFC).

A new **frame for qualifying education internships** was approved on 4 December 2013 by the Parliament of the Wallonia Brussels Federation. Internships become mandatory in all « certification by unit » (CPU) options as they develop in the 3<sup>rd</sup> degree, in all qualifying 7<sup>th</sup> grades as at 1 September 2014, and gradually in other training courses in 5<sup>th</sup> and 6<sup>th</sup> grade. Schools retain the option to include the internships in their educational project (and are encouraged to do so) in the optional courses of the 3<sup>rd</sup> grade where internships are not mandatory and in the 2<sup>nd</sup> grade.

In addition, the Government decided in November 2013 to award 30 million € to the financing of the infrastructures of the **Trade Centres in Charleroi**, and to release a first fraction of 9 million € (on a total budget of 25 million) for the **Trade Centres of Liège** (1st



actions scheduled in 2014) as well as for the **Trade Centre in Namur**. The purpose of those projects is to enhance the image of the building and industry areas, and to allow for better professional guidance for all publics, based on broad cooperation between all players (various areas and various education, training, employment, industry, networks, world of associations). Sharing resources allows to provide students with high performance equipment and cutting edge training areas. The projects are focused on promoting trades for the economic growth of the respective area. In addition, the Governments approved in January 2014, the candidature of the city of Charleroi for hosting the *Worldskills* in 2019.

The **job testing system** rolled out in 2011, mainly for young people and dismissed workers, allowed to complete 5 263 job tests between 2011 and 2013, including 2 162 in green occupations.

Regarding the **centres of responsibilities**, which are central in the training system throughout life, a draft order passed in 1st reading by the Walloon Government in November offers them a new legal framework allowing to revalorise them and to confirm their excellence role ; a structural financial of 3 million € is awarded to them. In 2013, 751 285 training hours were delivered in the 25 skill centres. Between 2010 and 2013, 196 219 200 000 beneficiaries accessed those centres, including 30 566 teachers and 165 653 students.

In addition, the renewal in February 2014 of the cooperation agreement on collaboration between qualifying education, skill centres and advanced technology centres supports existing synergies by increasing the available hours for the school world in skill centres (1 000 000 hours) and gradually increasing the hourly financing up to 15 euros.

A new « **training cheque** » system that allows to reinforce the link with the professional activity of the beneficiary and the needs of the market, was passed in early 2014. In 2013, 73 559 training cheques were granted to workers in the framework of language leaning. For the same purpose, a revision of the order relating to the TIC mobilising plan was passed in 2nd reading in November 2013, in order to better take into account society and technology changes and better meet the requirements of the job market. The Forem additionally published in September 2013, a prospective study on **high demand jobs**, which will help guide policies in the area.

Lastly, 2013 the Forem set up in the web Formapass centre, which regroups the whole training and integration offer in Wallonia.

### Seniors

Various systems have been passed in order to better take into account the public over 50. Thus, the Government decided in November 2013 to make the **Professional Transition Programme** more attractive to the over 50 population, through an increased subsidy of 300 € (full time). In addition, the **Airbag system aimed at supporting independent activity** is extended to the over 50 with 3 years' professional experience ; the order was passed in February 2014. Lastly, as specified above, the target public of the **individual support** process for job seekers is extended to the over 50 population.

### Inclusion of migrants

The **order relating to the integration of foreign persons or persons with a foreign origin** was passed in late March 2014 by the Walloon Parliament.



It sets up, inter alia, for the intended public, a reception and integration process whose purpose is the emancipation of first time arrivals. It is an integrated strategy for their inclusion. It should be fully operational by 2017.

The reception process will apply to any foreign person staying in Belgium since less than three years and with a more than three months' residency permit, except for citizens from an EU, EEE member country and from Switzerland and members of their families. At first 8 regional integration centres or reception offices will be set up. The process provides for several lines :

- A personalised reception module (mandatory) ;
- French language course ;
- Citizenship training ;
- Socio-professional guidance.

In addition, a new **first arrival reception site** was launched in December 2013. The site provides basic information on how our society works in order to help with the first steps of new-arrivals. The site also points to useful information places offering support. It is available in 6 languages and allows self-sufficient use by the persons themselves or the field players in charge of their guidance in Brussels and in Wallonia.

The systems will also help achieve a more structured use of the various existing systems, for instance in terms of alphabetisation or education (first arrival student reception and schooling system, DASPA).

In the framework of the 2014-2020 programme of the **Structural Funds**, the initiatives developed in a cross-functional manner by the FSE intended for young people will particularly aim the young people out of school with an immigrant background, and will include prevention, early involvement and compensation measures.

As is already the case in Wallonia since 2012, the order dated 20 June 2013 relating to the removal of the citizenship condition for exercising recruitment and selection positions in education organised or subsidised by the French Community allows to **open the civil service to foreigners for personnel in the French speaking education area**.

The Walloon Government additionally passed in first reading on 23 January 2014, the draft order relating to the acknowledgement of a **Mediation centre for the Traveller community**. The missions of the Centre are to further and support the management of temporary stays, support the development of spaces adapted for Traveller families, develop with social, educational and administrative parties, the training and information about the sociocultural reality of the Traveller Community, help regional and transnational sharing of experience between associations and services, help citizen participation, fight negative stereotypes through population, public institution and media awareness actions and lastly help the social integration of the Traveller Community by developing, in partnership, social, economic, cultural, educational, socio-professional and environmental projects.

Lastly, year **Interfederal Centre for Equal Chances and Racism and discrimination prevention** is being set up. That independent organisation will be managed by an interfederal board of directors and will be made up of several linguistic chambers. Those chambers will analyse cases of possible discriminations that can arise based on national or ethnic origin, sexual orientation, present or future health condition, age, philosophical or religious beliefs.



The cooperation agreement increases the legal safety of the anti-discrimination means should a case within the responsibilities of the federated entities go to court.

The contribution of Wallonia and of the Wallonia-Brussels Federation is increased to 48 % of the total financing of the Centre in 2015. The Centre's offices will be organised in a decentralised base within the 11 Wallonia spaces.

## **2.7. Recommendation n° 7 : Greenhouse effect gas emission reduction**

Talks are underway in the framework of the « **burden sharing** » with the other entities in order to determine the objectives to be reached by everyone in terms of renewable energy and greenhouse effect gas emission reduction.

The Order relating to the **Walloon strategy for sustainable growth** was published on 9 July 2013. It makes it mandatory for the next governments to pass a Walloon strategy for sustainable growth, as well as a sectorial Environment – Employment Alliance within the year of their taking office. The first sustainable growth strategy was passed in 1st reading in June 2013.

In that framework, the Government has also decided to set up a **Sustainable Growth Opinion Group** (order published in the Moniteur belge on 24/10/2013). Its role is to promote the taking into account of sustainable growth in all public policies by stating, upstream from the governmental decision, opinions based on a «sustainable growth» review.

In addition, the Walloon Parliament passed, in February 2014, the « **Climate Order** ». That order should allow Wallonia to meet its greenhouse effect gas emission reduction (GES) commitments by 30 % by 2020 and by 80 to 95 % by 2050 compared with the 1990 emissions. Concretely, the order marks the path for greenhouse effect gas emission reduction through the emission budget system, that the Government will be in charge of setting for a 5 year period. In addition, an « **Energy – Climate – Air plan** » will list the concrete measures allowing the government to meet its emission budget line ; it was approved in 1st reading on January 2014 and will be submitted to a public survey in June 2014.

In terms of strategy, the Walloon Government passed, in November 2013, the draft **Regional Space Development Plan (SDER)**. It offers a vision for the Walloon territory by 2040 with a view to meeting the demographic, social, economic, energy and climate challenges, and includes objectives in terms of habitat and sustainable mobility.

In addition, the **Territorial Growth Code** passed in January 2014 (passing in parliament scheduled for March 2014) reforms the permit issuing procedures for structuring and public interest projects ; the purpose is specifically to legally secure major infrastructure projects. Provisions are also made to increase the density of the habitat in rural or urban centres and slow periurbanisation.

In the area of **building**, the Government's action focuses on the implementation of the multiple year Plan of the **1st Environment - Employment Alliance**, initiated in 2011 and that numbers some fifty actions. It is aimed at improving the quality of buildings and their energy efficiency, while promoting the transition of the building sector towards a more sustainable approach. That policy is in line with the implementation of the European Directives in the area of energy performance of buildings and energy efficiency. An overall assessment of the policy is underway.

In that framework, several decisions have been made, including a change in the provisions relating to building energy efficiency with the goal of improving the PEB calculation method



and of making it more even between the 3 regions (order published in December 2013), the extension in 2014 of the 0 % rate loan pour the financing of the energy savings work in homes (écopack, more than 7 000 loans have already been granted as at late 2013), the passing of orders relating to subsidies in the area of energy renovation of school buildings, of the association and city sector (UREBA and exceptional UREBA), the launch of a call for exemplary projects in the area of sustainable building and renovation (BATEX) in June 2013, the passing of a new bonus for the rehabilitation of homes that cannot be considered as housing in the meaning of the housing and sustainable habitat Code (long term caravanning type in permanent habitat areas), as well as administrative simplification of rehabilitation and double glazing bonuses (1st reading in November 2013). The implementation of the PIVERT programme aimed at the energy renovation of 10 000 public homes (400 million € budget) is being continued ; the 2<sup>nd</sup> phase of the programme targets homes whose consumption is the highest. In addition, the investing in the buildings of the regional administration is being continued at various levels : photovoltaic equipment (2 million € invested in 2012 and 2013), renovation of boiler rooms (6 completed with an investment in the region of 480 000 €, 3 planned in 2014), roofing renovations (4 completed, with an investment of 180 000 €), installation of cogeneration sites (3 completed, one planned in 2014), equipment of car parks with LED lighting (3 completed).

In addition, the Government of the Wallonia-Brussels Federation passed in February 2014, new physical and financial standards governing the building of school buildings, adapted to eco-construction.

In November 2013, the Government also agreed to use mechanisms allowing to achieve the volume of energy savings required by the 2012/27/CE directive relating to energy efficiency.

In terms of policy consistency, a **transfer of responsibilities in the area of housing and energy from the Provinces to the Region** was decided in 3<sup>rd</sup> reading by the Government in January 2014, with the goal of achieving greater efficiency and more consistency in those policies. In order to support the transfer, an amount of 4 million € will be deducted from the Province Fund as from 1 January 2015 and transferred to Wallonia.

In the area of **transport**, the work is continuing with a view to the implementation of a **mile payment system for trucks** in the territory of the three regions. Thus, a cooperation Agreement was approved by the 3 regional governments in January 2014. It establishes the common principles that will govern the introduction and the management in the 3 Regions of a mile toll for goods transport vehicles with a maximum authorised weight of over 3.5 tonnes. The cooperation agreement also provides for the creation of the inter-regional Viapass institute. That institute will ensure the cooperation, coordination and dialogue between regions in the management of the system, and as a result will be in charge of monitoring the proper performance of the contract that will be awarded to the service provider with a view to the implementation and operation of the mile toll system. According to the current schedule, the Viapass system for trucks will be operational in 2016.

As indicated above, the environmental **penalty** system has been extended since January 1, 2014 to vehicles registered by companies, according to the same schedule as the one applicable to individuals.

In addition, in order to help the modal shift, the Walloon Government is continuing its investments in the area of multimodality. Specifically, the Government handed in, in November 2013, its opinion on Walloon **rail investment priorities** for the 2013-2025 period,



and has decided to co-finance, according to a profit set by the federal Government, the regional project budget in an amount of 180 million € over the period, and to anticipate in an amount of 100 million € the next priority investment programme priorities. This allows to find a total amount of 948 million € for Walloon priority projects by 2025.

The priorities are as follows : Connection and Station at Gosselies Airport, acceleration of current work, including the completion of the RER sites and the modernisation of the Brussels-Luxembourg road, development of goods transport by rail (modernisation of marshalling yards, inclusion of Wallonia in European east-west and north-south freight corridors, connection of the future Liège-Carex terminal), improvement of the quality of traveller service through an increase in the capacity of some lines that are near to saturation, and through the application of the principle of correspondence knots on the Walloon backbone, development of the express Liege network, improvement of the access by Walloon cities to Brussels.

In addition, the site of the multimodal centre of Liège Triligiport started in June 2013 ; it should be operational in the second half of 2015.

Lastly, the improvement of the carbon balance will be a cross functional priority of the 2014-2020 programming of the **Structural Funds** in Wallonia. In the framework of the urban redynamisation actions, actions will be conducted in terms of sustainable building rehabilitation, energy efficiency and sustainable energy promotion and sustainable transport development.

### **3. Objectives of the Europe 2020 Strategy**

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#### **3.1. Employment**

The main reforms and measures passed in the area of employment are detailed in section 2.

Regarding specifically **collective retraining**, in addition to the order on sandwich training of job seekers passed in February 2014 that targets job seekers in retraining units (see section 1.6), the « Passeur de métiers » initiative was initiated in the fall of 2013 by the Forem in partnership with the players of training, socio-professional insertion and education ; they allow participants to engage in educational type training with a view to aiming at a career in education or training. Three new sessions are scheduled in 2014.

It should be noted that in terms of training service efficiency, following the signing of the new IFAPME management contract in February 2012, it was necessary to revise the **Order setting up the IFAPME** ; it was passed in May 2013 and became effective on 1 June 2013. The following main changes cover the optimisation of the training areas and the implementation of the new coordination training and supervision courses intended for senior executives within companies, except for company managers, the option to reinforce the partnerships (for instance FOREM, education,...), the structuring of the Network (reinforcement of the consistency and of the cooperation between the Institute and the Centres and reinforcement of the centre checks by the Institute), the reinforcement and organisation of internal auditing, and the setting up of a centralised Complaint Processing department. The **FOREM** placed an emphasis in 2013 on trainer training, via the FormaForm initiative and the new centre located in Louvain-the-Neuve.

In addition, in the area of private life / professional life balance, the Government of the Wallonia-Brussels Federation passed, in June 2013 the 2008-2013 management contract of



the Office des Naissances et de l'Enfance including the **Cigogne 3 Plan**. The purpose of the plan is to open new spots for small children accommodation, in order to address the consequences of demographic changes. 2 049 places will be created in 2014 and, then, an average of 1 600 spots a year. In order to support that Cigogne 3 plan, Wallonia will make employment aids available to the Federation for supervision personnel within the reception structures and will apply funds to set up new infrastructures for accommodating small children.

### **3.2. R&D and innovation**

The two Governments are continuing the efforts to intensify investments in R&D and in innovation, and reinforce policy efficiency, in connection with European guidelines, including the key initiative « Union for innovation ». The goal is firstly to support the excellence of scientific research and to materialise the active participation of Wallonia in the European Research Space. Also, an emphasis is placed on the circulation and the enhancement of the results of research and innovation in the broad meaning within the economic fabric, as well as on the improvement of the operation of the regional innovation system in all its aspects. With that in view, the implementation of the 2011-2015 integrated Research Strategy and of the « Creative Wallonia » plan has been continued.

In the framework of the implementation of the **2011-2015 research Strategy**, various initiatives were initiated in 2013 in the area of support to the RDI, including towards SMEs, including a call for projects « Cwality » aimed at furthering the acquisition of new responsibilities via a better association of SMEs and research organisations, and the transfer of knowledge to the SMEs (started in September 2013, 10 million € budget), a call « Green momentum fund for young innovative companies » involving industrial research or experimental development (launched in May 2013, informational budget of 5 million €), a « collective research » call aimed at reinforcing the expertise and the knowhow of approved research centres in the area of activities useful to the highest number of Walloon SMEs, and a « Germaine Tillion » call for social innovation (launched in May 2013). In addition, a mobilising programme on electrical energy storage (ENERGINSERE, informational budget of 10 million €) was initiated in October 2013, as well as a Public-Private Partnership call aimed at meeting the requirements of a technological break in a specific area of business (budget of 5 million €). Lastly, following the mobilising programmes initiated in 2013 (WB Health and IT for Green), the Government has decided to finance respectively 17 projects with a budget of 21 million € and 10 projects with a budget of 9 million €. It is also planned to entrust the LIEU network (company – university interfaces) with a task to follow up on the mobilising programmes with a view to enhancement and marketing.

In the framework of the call relating to the financing of research infrastructures, two interuniversity projects will be financed in an amount of 2.4 million € in the areas of 3D object printing based on metal and proteins, and the participation of the Wallonia-Brussels Federation in two ESFRI projects will be continued with a total funding of about 600 000 € (SHARE and LifeWatch). A team and infrastructure mapping is underway.

Wallonia additionally confirmed in November its participation in EUROSTARS II in an amount of 1.54 million / year, as well as AAL (with a budget per call of 300 000 €).

In terms of mobility, new « BEWARE Fellowships » systems were initiated in January, aimed at funding the accommodation by companies or university, of foreign researchers, in Wallonia / the Wallonia-Brussels Federation. BEWARE Fellowships Industry will allow to grant 57



agencies over 5 years, the purpose of which agencies is to allow an SME or an approved research centre to benefit by the expertise of foreign researchers (or expatriate Belgian researchers) that are highly qualified, in order to encourage the innovation process within the Walloon host. BEWARE Fellowships Academia is focused on technological transfers ; it will also spread over 5 years and plans a total amount of 80 agencies for researchers in mobility situation in order to attract them to a University, in partnership with a Walloon company. In addition, the calls for First 2014 projects, that will allow the researcher mobility between the academic world and the industrial world, ended in January 2014 with the filing of 51 files including 9 First International, 18 First Haute Ecole and 24 First Spin-off.

A change in the order relating to support to research and innovation in Wallonia was passed by the Parliament commission in February 2014. Among the great changes, it should be noted the introduction of new subsidies for the acquisition of exceptional equipment as well as maturation funds, the regrouping of approved research centres into research institutes, or the opening of innovation partnerships to non-technological innovation and to international partners in research consortiums.

In terms of basic research funding, the passing in July 2013 of the new FNRS order allows to guarantee, after 2015, its financing in an indexed amount of 103.8 million €/year. In addition, the funding of the Strategic Basic Research Fund, accommodated within the FNRS, is made durable in its two strategic lines : WISD (five million €/year for research in sustainable growth) and WELBIO (six million €/year for research in life science). In the framework of the excellence programme covering industrial redeployment in Wallonia with a view to an environmental transition initiated in 2013, 3 projects were chosen with a budget of over 14 million €.

In the framework of the implementation of the **Wallonia Creative Plan**, several actions in the area of training were initiated in 2013-2014 : an Executive Master in Innovation Management, an Executive Master in Innovation Co-creation (completion of innovative projects), and a creativity and innovation Master class. In addition, creativity laboratories are initiated within 6 High Educational Schools (4 new projects in 2014, based on 2 tests initiated in 2013), the purpose being to materialise a specific training programme within a creative laboratory specially equipped for allowing future teachers to acquire, test and integrate in their future educational practices the creativity and innovation process awakening techniques.

In terms of support to innovative projects and practices, the « Living labs » call for projects was initiated in November 2013 ; the latter provides for the support of two test projects in the e-Health and Open Domain themes. In addition, the bonus for creative economy counsels is now operational. The Maker's lab, tested during the creativity week, will be continued in all of Wallonia in 2014 ; it is a travelling laboratory allowing the greater number to try new idea and prompt prototyping production techniques. The start-up accelerator Nest'up will hold its 4<sup>th</sup> session in the spring of 2014 ; the project will be complemented by the creation of a building (CreativeSpark, allowing to accommodate a dozen start-ups, collaborative spaces, a research lab,...), a « Lean fund » gathering some fifteen private and institutional investors, and a « lean reactor » that will allow to continue the support to the start-ups for 9 months after the exit from the acceleration programme. Lastly, a 2014-2016 pluriannual agreement has been entered into with the ASBL Wallonia Design, with the goal of promoting design, completing specific actions intended for companies and designers and ensuring the coordination of actions in that area ; the budget granted for 2014 is 250 000 €.





For the « TIC » section, the Government decided in July 2013 to grant 1 million € in order to support the « Digital cities » programme, that is aimed at creating a robust , reliable and secure Wifi infrastructure within Walloon cities. 6 cities will be covered at first. In addition, in the framework of the 2<sup>nd</sup> « Digital School » call with a budget of 1 million €, 72 projects have been chosen (vs. 28 for the 1st call in 2011), that will allow selected establishments to buy information system equipment, both for mandatory education and social promotion and in the educational categories of Hautes Ecoles. In addition, « digital school » counsellors as well as 15 new assistants for information system maintenance of schools are assigned to the support of project sponsors in terms of logistics, technology and education. A « Wallonia Big data » service centre should be initiated in 2014, towards the competitiveness centres.

Lastly, a call for « creative hub » projects was initiated in January 2014. The purpose is to help the structuring of physical multiple subject territorial centres aimed at stimulating the emergence and consolidation of the creative economy through a multiple subject programme of actions and events. That test phase is aimed at preparing the action that will be developed in the framework of the structural funds.

The first review of the Plan completed in later 2013 allows to show the following achievements : over 2 600 people trained, 330 innovative products or services created or supported, over 250 creative entrepreneurs supported, over 830 companies involved, 124 actions abroad and over 200 international partners. An overall assessment of the Plan is underway, in the framework of the « Wallonia, European Creative District » project, that is in its implementation phase.

The support to R&D and to innovation will constitute an essential part of the next **Structural Funds** programming in Wallonia. The actions that will be developed will be aimed at advancing the smart specialisation strategy of the Region.

### **3.3. Education and training**

#### **Fight against school dropping out**

Several important decision have been made in the framework of the prevention of school dropping out, allowing to reinforce and set up a real integrated strategy in that area. The initiatives described below are also complemented by the efforts that are being continued in terms of **sandwich training and qualifying education reinforcement**, allowing a better education-training-job market connection, and that are described in the previous section.

In December 2013, the cooperation agreement between the Walloon Government, the Governments of the Wallonia-Brussels Federation, of the Brussels Capital Region, of the Cocof and of the German speaking Community aimed at organising the implementation of a map of education and post-education curricula was approved in 2<sup>nd</sup> reading. The purpose is to set up a **school and post-school curriculum analysis tool** for students that did all or part of their studies in the education system of the Wallonia-Brussels Federation. The tool will therefore help improve the steering of policies conducted in terms of education and training as well as the links between those various policies.

In addition, **two intersectorial and sectorial orders relating to school success, violence prevention and guidance process support** were passed in November 2013. They are aimed at connection mandatory education policies and young people aid policies in the area of young people well-being, school success, violence prevention and guidance process support.



The Order relating to specialised education has also been changed and an order relating to **School Structures for Aiding Socialisation (SSAS)** was passed ; it officialises the SSAS in specialised primary and secondary education. These structures offer young people with structural behavioural and/or personality disorders, whatever the type of specialised education they are in, a structure allowing them reintegration in a leaning structure.

In addition, the Government approved in December 2013 (1st reading) the preliminary draft order relating to the adjustments and improvements of the **first grade reform**. The purpose is to gradually generalise several test experiments that were successfully test, including the Collective Action Plan (PAC) for the class or use of an Individual Learning Plan (PIA) per student. The text also provides for the reinforcement of the multiple subject nature of the training in the first grade through the gradual removal of the first complementary year (1S) and the implementation of a possible additional year after the grade (2S). Lastly, support to schools that have a high rate of failure, absenteeism...is planned.

The Government of the Wallonia-Brussels Federation also approved in 2nd reading in February 2014 the order **reforming titles and responsibilities in education**. Its aim is to create an even system harmonising several thousand titles and positions and several hundred schedules existing in education while giving priority to required titles on sufficient titles. The order also sets up a shortage title system.

In terms of coordination between federated entities, the ministers for Education of the three Communities signed, in January 2014, a cooperation protocol with a view to setting up an **interministerial convention grouping the Ministers in charge of education**. Its purpose will be to allow the dialogue and cooperation between the Communities in the files that concern them jointly in the area of education and to allow information exchanges between Communities on policies conducted or being deliberated in the area of education. Among the items that will be on the agenda of the next interministerial conventions, there will be : native speaker exchanges, reforms considered in the area of secondary education, including for the qualifying, the acknowledgement of diplomas between Communities, the school requirement age, the issue of the relevance of school duty checks in the territory of the Brussels-Capital Region, the cooperation between the inspection departments, the stake of demographic pressure in Brussels,...

In order to address demographic changes in Brussels and in Wallonia, the Government of the Wallonia-Brussels Federation had initiated in 2010 an exceptional plan to renovate and **set up new places in school buildings** in an amount of 600 million €, funded in partnership with the BEI, and banks. It allowed to initiate many projects that will allow, by 2017, to create 15 700 places in Brussels, and 7 800 in Wallonia. As a result, investments launched during a legislature reached the record high amount of 1.2 billion € (i.e. three times more than between 2004 and 2009). However, such infrastructural projects take time. As a result, in November last, in order to address the emergency, the Government launched a new plan to create places via modular homes and limited renovation, with a goal to create 13 500 places in all of the Wallonia-Brussels Federation, with a budget of 55 million €.

### **Higher education**

The order reforming the **higher education system** was passed in November 2013. The purpose of the order is to reinforce the consistency of student curricula, promote success and put higher education establishments in collaboration and cooperation systems (Universities, Hautes Ecoles, Higher Art Schools and Higher Social Promotion Education Schools). The



institutions are gathered within a single educational district (ARES : research and higher education educational district), that was set up on 1 January 2014. As partners within the 5 geographical centres, they can develop an education offer and local services for the benefit of all students. A 75 000 € subsidiary has been granted to each centre to build and determine its strategic plan.

In that framework, the Governments initiated in November 2013 the concept of **collective higher education structures** that will allow to set up centres providing high quality infrastructures and educational equipment to all higher education establishments and vocational training operators in targeted areas where offer is low.

In addition, the Government approved in 1st reading in January 2014 the draft order transferring the **financing of higher education establishments** to the new study organisation. That draft order thus includes success aid and individual curriculum concepts while aiming at granting a financial increase of 120 percent to establishments materialising the synergies.

A revision of the **initial teacher training** has additionally been initiated. It is aimed at reinforcing the current training of all teachers, redefining the purposes and contents thereof, in order to reorganise the structure thereof in the long run.

Lastly, the Government approved in last reading in December 2013 a draft order relating to **inclusive higher education**, allowing access to higher education with no discrimination for students in a disability situation.

### **3.4. Social cohesion and social action**

The main lines of the regional policy in the area of social cohesion and inclusion involve education, training and insertion in the job market, including via employment support and social economy development measures. In the area of socioprofessional insertion, the policy conducted in Wallonia is general but specific efforts are being made to support some categories of job seekers, including the farther persons from the job market. Wallonia has also developed an effective housing access policy, and implements an integrated great poverty prevention approach, and an overindebtedness prevention approach.

In that area, it supports the three main lines identified by the Belgian centre against poverty UE 2020 : active inclusion for persons excluded from the job market, homeless and precarious housing situation prevention, child poverty prevention.

#### **Active inclusion**

In the framework of the support policy for publics that are far from the job market, a new Order on **socio-professional insertion centres** was passed in August 2013 ; the orders are being prepared. In addition, in order to support the efforts in the area of **alphabetisation**, the Government approved in January 2014 a draft 3 year pluri-annual agreement, with an annual subsidy of 65 000 €, allowing to make durable the Walloon network of public writers.

New measures have been decided by the Government in order to support the inclusion of **persons in a disability situation**. Thus in addition to the order relating to inclusive higher education mentioned above, the Government passed, in 1st reading in January 2014, a draft order changing some provisions relating to training and adapted socioprofessional insertion centres. Its aim is generalisation to the whole sector of review and guidance missions, in order to harmonise the service offer. The text sets up an automatic post-training follow up except of the intern waives it, if the follow up is borne by another operator or in the event of force



majeure. The purpose of the text is also to simplify procedures, both for persons in a disability situation and for the centres and for the AWIPH. The project introduces a financial involvement in the day care costs to allow mothers and fathers to access the training more easily.

In addition, the Government decided in May 2013 to ensure the financing of transformation and improvement work in reception and accommodation infrastructures for disabled people. A budget of 30 million € has been released to allow the launching of 6 calls for projects (1st call initiated in October 2013).

Lastly, the Government approved in May 2013 two new measures to support the economic development of Adapted Work Companies (ETA). Firstly, a multiple-year agreement is entered into with the Walloon Association of adapted work companies in order to promote the area and look for new activity area (budget of 31 000 €). Secondly, a 120 000 € support is granted to the « live well at home » centre ; it offers solutions to allow persons losing their autonomy to continue to live at home in good conditions.

The various measures passed for **migrants** are described in section 2.

### **Housing**

The policy to increase and improve the quality of the housing offer is continued. The purpose is to increase the number of public homes and to renovate existing homes including with a view to improving energy efficiency. Various actions have been continued in the framework of the **1st Environment – Employment Alliance**, for instance the green investment programme, the granting of housing bonuses and energy bonuses in private homes (see section 2).

Regarding the handling of the **dependence of, and aid to the elderly, as well as disabled people**, a number of measures have been passed, please refer to section 2.2 in that area.

The Walloon Government passed in May 2013 the mapping of the sites covered by the **permanent habitat plan** (HP). The purpose of the mapping is intended to be a reference for cities, permanent habitat area managers and solicitors. In addition, another bonus for the improvement of houses that cannot be considered as housing in the meaning of the Walloon Code of housing and sustainable habitat, such as long term caravanning in permanent habitat areas, has been set up. The installation allowance granted to persons relocated to a decent home has been increased in some cases.

The Walloon Government decided in May 2013 to broaden the « **Energy Tutor** » system, whose task is to give practical advice and plan concrete actions with precarious households, to reduce energy costs, to 60 tutors and to increase the subsidiary to 600 000 € (i.e. 150.000 € more). They will be set up via the CPAS ; currently 41 CPAS implement the measure and almost 5 300 households benefit every year of work by an energy tutor.

In addition, the Walloon Government had decided to grant additional time to organisations working in **co-housing** to allow them to extend their test experiments and increase the social support to people. The purpose is to allow specific publics live in an affordable habitat while weaving links and solidarity with other types of publics. It is, for instance, homeless people, women facing household violence, ex-convicts ...

Since 2013, owners of homes covered by an inhabitability order or of housing that was not the subject of the issuing of a rental permit are subjected to administrative fines.



The regulation on the awarding of **low cost housing** was additionally passed in order to help the relocation of families under-occupying their homes to award them to larger families. In addition, since 2013, the Walloon Government finances the hiring of social referents (74 ETP) within public housing companies to ensure an interface with local social players. An order was passed in February 2014 (3<sup>rd</sup> reading) aimed at making that position durable, through the granting of an annual grant to the Public Service Housing Companies (about 2.2 million € in 2014).

Lastly the Walloon Government passed, in 3<sup>rd</sup> reading, an order relating to the granting of **relocation, rent and moving allowances**, that are accessible to persons leaving a home found to be inhabitable or over-populated to rent a clean house, to families with one member suffering from a disability and that leave an unsuitable home to rent an adapted and clean home, and to the homeless that become renters of a clean home. The order allows three new things for tenants : aid intended for tenants who leave a home early to enter low cost housing, aid for families leaving an under-occupied public home to rent a home in the private sector and aid for relocation, revised upwards, for persons leaving a home that they own located in phase 1 of the Permanent Habitat plan (flood areas).

### **Poverty and overindebtedness prevention**

The Walloon Government had decided to set up a regulatory framework to approve and subsidise a **poverty prevention network** in Wallonia on a lasting basis. It will allow to increase the dialogue with the poorest people and have an organised contact person whose expertise and recommendations can be called upon to increase the efficiency of the measures implemented. The order was approved in early 2014.

The Government approved in May 2013 the assessment of the first **social cohesion plan** (PCS). The PCS currently involves almost 700 workers who network several thousand public and private partners to act in favour of greater social cohesion in the city territory. 147 cities have engaged in that system with 1 700 actions conducted, including in the area of alphabetisation, socioprofessional reinsertion, job-seeker support, home energy savings, home seeking aid, additional treatment, household violence prevention, mental health, community gardens and block house dynamisation. In addition, a call for projects with a budget of about 24 million € was initiated in the framework of the second PCS programming (2014-2019). It has since been implemented in 181 cities in Wallonia.

The Walloon and Wallonia-Brussels Federation Governments approved in November 2013 the **updating of the action plan relating to children's rights**, based on the assessment conducted in 2013 by the Childhood, Young People and Young People Aid Research Centre.

The Walloon Government approved in May 2013, **the exemption of the payment of the TV tax for all TV sets located in hospital establishments and rest homes**, in order to avoid increasing the financial burden weighing on those personnel. Lastly, the order relating to the **organisation of the electricity market** passed in March 2014 is aimed at improving the social measures : increased support to consumers in payment difficulty, reform of the budget meter system, broadening of protected client categories,...

### **3.5. Energy - Climate**

As detailed in section 2, various reforms were initiated in the area of electricity and gas pricing, and of support to the photovoltaic industry, including with a view to ensuring the maintaining of company competitiveness. In addition, the Parliament passed the **Climate**



**Order**, the **Plan Air-Climate-Energy order** derived from it will be subjected to consultation. Lastly, the Order relating to the **Wallonia Strategy for sustainable growth** was published in July 2013. In addition, two prospective studies on the energy transition are underway.

As a reminder Wallonia has set itself three objectives in the area of sustainable energy, y 2020 : Tend towards 20 % of sustainable energy in its final consumption, reach 8 000 GWh of electricity produced in the Walloon territory from sources of sustainable energy and reduce by 30 % the greenhouse effect emissions. In order to achieve that, the Walloon Government passed a draft order aimed at improving the green certificate system as well as a draft order containing the principle of a path including closed budgets per area in order to reach the 2020 objectives in a controlled framework. The green certificate granting rate per area will be the subject of a reestimation and a setting methodology has been offered by the CWaPE.

For wind farms the objective is set to 3 800 GWh, i.e. an amount equivalent to 150 000 households, with a gradual path. For the photovoltaic industry, the objective is set to 1 250 GWh (production reaches about 500 GWh in late 2012), broken down into 875 GWh for small wind farms and 375 GWh for large wind farms. Regarding the low power photovoltaic industry (up to 10kWc), the new support system (Qualiwatt) should allow to support 12 000 new facilities per year.

In addition, the Walloon Government passed in a final manner, in February 2014, new sectorial conditions for the development of wind farms. It also passed, in 1st reading in January 2014, the draft **Order relating to the establishment of wind farms** in Wallonia. It basically revises the wind farm authorisation procedure in Wallonia, currently based on a case by case check on the « first in, first out » principle. That order organises wind farm development around a call à projects process broken down into thirty « lots » covering the whole of the Walloon territory, which a reference producible will be linked to every time.

Still with a view to reaching the objectives in the area of sustainable energy, a « **biomass** » **call for projects** with a budget of 1.2 million € was initiated in January 2014. A call for test projects in the area of **micro-bio-methanisation** was also initiated in December 2013 (400 000 € budget). The purpose of those calls is to support the financing of economic projects. A « **collective boiler room** » call for projects intended for public service homes has also been initiated ( 4 million € budget).

#### **4. Additional reform measures**

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##### **4.1. Industrial policy**

The Walloon industrial policy, a priority of the Marshall 2.green Plan, is designed as a « **smart specialisation** » strategy. It focuses on the support to competitiveness centres and clusters. Other areas of the Marshall 2.green Plan, including in terms of RDI, territory development, training, support to SMEs, to internationalisation,...complement the tools making up the integrated industrial policy of the Government.

Various policy improvement areas for the **competitiveness centres** have been identified in the framework of the 2022 Marshall Plan with a view to smart specialisation, including in terms of non technological innovation, of connection to services, of SME involvement and of globalisation. The assessment of that policy, published in February 2014, will allow to feed those deliberations, in the same way as the study on the industrial value chains in Wallonia, also finalised in June 2013. The latter is being reviewed in the framework of the « Wallonia,



European Creative District » project, with a view to analysing the interrelations between creative and cultural industries as well as the intensive service area in connection with the industrial sectors.

In terms of the implementation of the policy, the 9<sup>th</sup> call for projects ended in 2013, with 20 projects selected with an investment of 65 million € ; they mainly concern R&D (18 projects, 61 million €). The 10<sup>th</sup> call was initiated in late 2013 and the decisions are expected in the 1st quarter of 2014. So far, the 6 centres number over 1 100 members. Since the launching of the centre policy, an outstanding amount of 258 projects with a total investment of 744 million € were supported (public budget over 430 million €).

In addition, a common programme, intended for companies, has been initiated with the Massachusetts Life Sciences Centre (MLSC). The funding of the Walloon contribution amounts to 1.5 million €. The building of a new Walloon Celle Therapy Centre has started ; the total investment reaches 20 million €. The Government has also decided to set up a food processing incubator. A « Wallonia big data » site should launch in 2014, with the objective of providing member companies with innovative « Big data » service centres relying on an IT infrastructure and a set of expertise.

In addition, in terms of foreign investor attraction, a 7<sup>th</sup> Welcome Office was open in Tournai in January 2014 ; it is dedicated to north-American companies and to areas in the clean technology area.

In addition, the rolling out of the **industrial ecology** aspect in Walloon politics continued. Apart from extending the NEXT system, the creation of the short circuit and circular economy reference centre, the « smart parks » projects and the branch agreements detailed in section 2.3, other initiatives can be mentioned. Secondly, various projects have been initiated with a view to identifying the local potential material sources and developing new innovative waste treatment markets. They specifically concern photovoltaic panels, plasterboards, dredging sludge, electrical and electronic equipment. In addition, the « Coq vert » initiative launched in 2013 by a public-private partnership between the GreenWin centre, the AWEX-foreign Investments and the respective professional federations (ValBiom and Essenscia-Wallonie) aims the development of new projects essential to the growth of the bio-sourced chemistry area including plant chemistry. The initiative focuses on biomasse-material recycling methods based on non-food resources (co-produced, residues, waste, ...) and puts the second generation bio-refineries at the heart of the sustainable development of those industries in Wallonia. Lastly, a new technological guidance tool for the SMEs in terms of industrial waste recycling and of contaminated soil and site treatment has been set up (Valowall).

Let us also note that based on a circular of November 2013, new **environmental, social and ethical clauses** can be inserted in the Walloon specifications. This should allow, inter alia, to reach objectives in terms of environmental print reduction or of socioprofessional insertion, while reinforcing the competitive position of Walloon SMEs faced with public orders, and stimulating the development of the local and regional entrepreneurial fabric. Information and support tools have been provided.

#### **4.2. SME Policy**

The implementation process for a **Walloon SBA** is continued. That Walloon SBA aims at four priority principles : (1) promotion of entrepreneurship in all its forms, (2) development of



measures aimed at facilitating the access to financing for SMEs, (3) development of technological and non technological innovation, and (4) SME internationalisation and access to markets, both in the domestic market and the external market. The 3<sup>rd</sup> Parliament of SMEs was held on 6 December 2013, with the central subject of SME growth. All of the proposals and findings found in the scope of the SBA Walloon will be considered by the Steering Committee ; the main concerns expressed cover administrative simplification and payment terms (local authorities), the development of entrepreneurial responsibilities, entrepreneur image, the links between education and the business world. The process set up was recognised as good practice by the European Commission in 2013, and was the subject of a presentation to other member countries of the UE and to the OECD.

The main developments in connection with the 4 lines of the SBA are detailed below.

The publication in late December 2013 should also be mentioned, of the order relating to the new Agency for Business and Innovation (AEI), that will help rationalise the landscape of SME support and aid players in the area of economic, digital and innovation development.

### **Entrepreneurial Spirit and support to SMEs**

The **Entrepreneuriat 3.15 programme (2014-2020)** has been approved and its implementation (by the AEI) has started. It comes in 3 points, 15 levers to help bring out enterprising generations and make Wallonia an enterprising and interprising region. It is based on the balance and assessment of the 2007-2013 programme relating to the entrepreneurial spirit implemented by the ASE. It helped reach out to 180 000 students in secondary education secondary and 4 900 teachers in 414 establishments that have developed actions ; 8 educational tools have been circulated. In higher education, almost 47 000 students were impacted by the various actions. The « Global Entrepreneurship Monitor » study indicates improved results in Wallonia, since in 2011, 6.9 % of the Walloon population was involved in a company creation project, vs. 3.5 % in 2005. The 3 lines of the new programme cover support to entrepreneurial education, investment in upcoming entrepreneurs and increased materialisation. Just like the 2007-2013 period, it will be financed with the support of the Structural Funds .

It is also planned that the AEI will develop in 2014 a **mentoring** methodology in order to support company growth, based on benchmarking conducted in France.

**The start-up accelerator** Nest'up set up in the framework of Creative Wallonia continues its activities, which will be developed through the creation of new tools (an accommodation building, a « Lean fund », and a « lean reactor », those items are described in section 3.2. In addition, Activ'up, a new **start-up incubator** in pre-start phase, has been launched by Meusinvest. It is a support structure for companies with growth potential. The first **women growth accelerator** – Féminin SMEs – was also initiated in 2014.

The « **independent junior** » system, which benefitted more than 1 200 young people so far, will be extended. It allows young people from 15 to 20 to perform a 10 day internship at an self-employed worker or a small company (during school holidays).

The Airbag system aimed at supporting independent business is extended to **higher education graduates** (economic, commercial or management area) and to **persons over 50** with 3 years' professional experience ; the order was passed in February 2014. So far, 280 files have been accepted since the system went live in June 2012.





A new order on **Self-employment support structures** (SAACE) was passed in February 2014. It plans to adjust the support time to needs, in company take over support, the extension of the SAACE approval time. So far, 12 structures are approved and allowed to create more than 1 000 companies.

In terms of **company transmission**, the SOWACESS has set up a new « retail » centre, which handles very small businesses. The purpose is to bring together sellers and buyers on the same web site, so as to increase the number of company transfers.

### **Internationalisation**

Based on the 2012 recommendations, a « **Citizen Exporting Company** » label has been initiated, aimed at allowing SMEs and experienced exporting companies to meet one another. 12 companies were approved in 2013 and 24 companies have already been sponsored.

In addition, the AWEX held in December 2013, the first « **Boostcamp Export** » in Wallonia. The programme combines theory and practical aspects of international trading. At the end of the boostcamp, each participant can have a coach in international partnership as well as a « beginner export » package. 4 new issues are scheduled for 2014.

The AWEX additionally offers 5 days of free **coaching** to Walloon SMEs to help them globalise. 150 SMEs have already made a call. 17 coaches are approved.

Lastly, a **Toolbox in partnership for Brazil** was provided to companies throughout the year 2013. It offers SMEs a full logistic and financial services, to support their project to approach the Brazilian market (coaching in international partnership, selection of partners, organisation of BtoB and partial financing of the feasibility study and of the start-up of the partnership ). 108 companies have made a call so far.

### **Innovation**

Based on the 2012 recommendations, a « **Living labs** » call for projects was initiated in November 2013. 2 test projects will be selected in the e-health and Open domain subjects ; the test phase will extend over 2 years.

In addition, an **Innovation Quiz** has been developed, allowing to point SMEs to the financing sources or public aids adapted to their project.

Lastly, a new **innovation survey** was initiated in the fall of 2013. It allows companies to use a special creative innovation consultant.

### **Financing**

Belfius and the Wallonia Investment Fund entered into, in October 2013, a preliminary partnership agreement. They each contribute 35 million to a fund, managed by the bank, and that will grant loans to the Walloon SMEs.

In addition, the preparation of the **regionalisation of the Contribution Funds** as at 1 July 2014 is finalised, and the Sowalfin is in a position to take over the business . The AEI will additionally handle a project support mission.

The SOFIPOLE, the specialised financial tool the competitiveness centre policy, can grant funds to **spin-offs** that take part in massive fund raising. It can grant funds in an amount of 5 million € per case, with the participation of a private partner. As specified above, the Nest'up



project is going to be complemented by a fund bringing together some fifteen institutional and private investors.

In addition, the funds provided to the Investis have been increased, in the same way as the means of the SRIW with a view to ensuring the participation of Wallonia in the funds or funds from private equity funds. Following the findings of the 2012 SME Parliament and of the High Level Group on Financing that was held in February 2013, the Sowalfin works on the setting up of a connecting site for companies and investors of all kinds. A work group including the banking world met on several occasions. The means of the SOGEPa have also been increased in an amount of 20 million € with a view to reinforcing companies with difficulties due to the recession.

In line with the actions currently conducted, the development of high performance financial instruments intended for SMEs, including innovative SMEs, will be supported by the FEDER during the 2014-2020 programming.

#### **4.3. Administrative simplification**

The Walloon and Wallonia-Brussels Federation Governments have continued their work to **implement their administrative simplification plans increased their cooperation**. In July 2013, the parliaments approved in a final manner the implementation of a common initiative by the two entities in terms of data sharing (effective 1 January 2014). In addition an agreement took place in July 2013 on the cooperation agreement (Wallonia/FWB/COCOF) setting up a French speaking administrative simplification policy and e-Government coordination committee. Its task will be to work on more transversality and efficiency of the administrative simplification and e-Government policies. It will also make sure to organise a good practice exchange between the various entities and may suggest the implementation of common projects.

In December 2013, the Government approved the setting up of the personnel and professional space for Wallonia, the Wallonia-Brussels Federation, and the German speaking Community to facilitate and simplify the electronic formalities of public service users (one stop electronic counter). Lastly various projects were the subject of approval in 3<sup>rd</sup> reading in February 2014 : creation of the first genuine Walloon source data bank – the mapping of non merchant employment in Wallonia, and the draft order framework relating to electronic communications between users and public authorities.

The new **Territorial Development Code** passed in 3<sup>rd</sup> reading in January 2014 (vote by the Parliament scheduled for March) is aimed at ensuring consistency, practicability, understandability, stability and legal safety in terms of territory development. It will allow step and procedure simplification and set up absolute deadlines. In addition, on the Flemish model, the Walloon Government also passed, in January 2014, the order setting up the **Council of administrative disputes** that will decide on behalf of the State Council on appeals filed against city zoning, urbanisation, environment and single permits. The purpose is to speed up legal proceedings as well as increase the efficiency of compliance process efficiency for deeds where unlawfulness has been found.

In terms of **payment times payment**, payments by extraordinary account at Wallonia Public Service level (which account for over 50 % of the processed amount) were performed for the first 3 quarters of 2013 on average in 25 days as from the issuing of the invoice (vs. 36 in 2012, 55 in 2010), therefore the objective is reached. The average time for invoice settlement



by means of order regard higher amounts. For the first 3 quarters of 2013, those payments were performed on average in 44 days as from the issuing of the invoice facture (vs. 65 in 2012 and 148 in 2010) and are significantly down. The public contract to reduce payment terms at local authority level according to the same method as the one applied to the SPW was initiated in January 2014.

**Optimisation of the management of aids granted** in the area of R&D is underway, a first result phase is expected for the end of 2014, and it should be fully operational for the end of 2016. The purpose is to handle the integrated and electronic management of the technical, administrative and financial aspects of the aides to research and to competitiveness centres, allowing to ensure aid traceability. The expected budget is 3.856 million € over the 2013-2016 period. A plan to simplify the payment procedure for financial incentives to globalisation is also set up.

Lastly, the first test phase intended to assess the technical and operational feasibility of dematerialised **processes relating to the environment permit** is underway and should be completed in late 2014. After the assessment expected in late 2014, the dematerialisation will be continued for other administrative deeds : permits with plan and the single permit.

#### **4.4. Structural and investment funds**

The **2007-2013 programme** of the Structural Funds is being finished and Wallonia has a commitment rate close to 100 %. In terms of balance, let us not that almost 1 600 companies have been supported in their investment plans with over 1.5 billion in investment, leading to the creation of over 7 000 jobs. Almost 15 000 technological cheques were issued to SMEs. In addition, 140 000 people benefitted by actions co-funded by the FSE, with a total number of jobs of almost 29 000.

For the **2014-2020 programme**, 4 Walloon provinces are recognised as regions in transition (Hainaut, Liège, Namur, Luxembourg), as Walloon Brabant is in the category of the most developed regions. In addition, the provinces of Hainaut and Liège are eligible under the young people employment initiative.

The Partnership agreement and operational Programmes will be sent officially to the Commission by April 2014. The programmes was approved by the Government in 2<sup>nd</sup> reading in late February. They lead to a consultation of partners, to an environmental assessment and to an ex ante assessment. In order to anticipate the decision making process as to those programmes, the Government carries out the first steps with a view to their operational implementation ; thus, a first call for projects was initiated in March 2014 and the independent Task force in charge if selecting the projects will be set up.

The strategy defined for that new programme is in line with the previous programme, while taking into account the assessment results, as well as the European guidelines, including the necessary connection with the PNR. As a result, the use of the European funds will intensify and complement the policies conducted at Walloon level, in connection with the 2022 Marshall Plan. In order to maximise the leverage effect and avoid the dilution of limited means, concentration both in theme and in space is required, by banking on the concept of project portfolio and increasing the synergies between partners. The theme concentration will be aimed at advancing towards the completion of the objectives of the Europe 2020 Strategy towards smart, durable and inclusive economy. The geographical targeting will focus on



urban areas marked by industrial decline and the most affected by social exclusion and the deterioration of their urban environment as well as on cross-border urban centres.

The improvement of SMEs competitiveness, the development of research and of innovation, the rolling out of urban centres as well as resource efficiency and the improvement of the carbon balance are the expected changes owing to the contribution by the FEDER, in a more global prospect of growth and employment increase in Wallonia. The purpose will include furthering densification and diversification of the SMEs fabric and better work productivity including through investment support measures and access to financing including in terms of R&D and innovation, the development of support services and growth, innovation and creativity support, with an emphasis on research result marketing and enhancement. That strategy will be part of a will to increase the smart specialisation strategy of the Region. In addition, the transition towards a low carbon economy will be integrated in a cross functional manner in the actions.

The FSE will make an additional investment in existing strategies. Secondly, the purpose will be to contribute useful responsibilities to the development of an innovative and high performance economy with a view to training throughout life. In addition, considering the low level of qualification of a significant fraction of job-seekers, an insertion and support system will be developed for discriminated populations, underprivileged persons or persons far from the job market, with a view to social inclusion. Lastly, a cross-functional initiative in favour of young people will be developed in order to address the issue of school dropping out. The purpose is to increase cooperation between education establishments and encouraging the learning culture throughout life, including by investing in the second chance school as well as in professional initiatives for young people in the framework of a global policy aimed at preventing school dropping out. Those initiatives will also specifically be aimed at young people out of school with an immigration background, and will include prevention, early intervention and compensation measures.