



Wallonie



FÉDÉRATION
WALLONIE-BRUXELLES

**EUROPE 2020 STRATEGY: CONTRIBUTION OF WALLONIA
AND THE FEDERATION WALLONIA-BRUSSELS TO THE
BELGIAN NATIONAL REFORM PROGRAMME 2015**

April 2015

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1. INTRODUCTION

The strategic directions of the Walloon Government and the Federation Wallonia-Brussels for 2014-2019 are respectively detailed in the Regional Policy Declaration (RPD) and the Declaration of Community policy (DPC).

The **Walloon Government** programme focuses on three key points:

- **Innovation** is an essential vehicle for enhancing productivity, and will be at the heart of the regional redeployment strategy. The innovation strategy pursued by the Government will consolidate and amplify the competitiveness clusters policy, with cross-cutting policies for developing circular economy, ICT and innovation in the broad sense, to benefit all sectors. A more intensive collaboration with the Federation Wallonia-Brussels is hence planned.
- **Simplification**: to streamline processes and support systems to economic activity and employment, and to simplify SME's requirements through the Walloon Small Business Act (SBA). The simplification of structures and support mechanisms will also be pursued in other areas (public housing, energy and housing, ...).
- **A common project**, through a renewed economic and social development pact. This is to ensure the involvement of the economic and social partners in the implementation of the regional strategy, to conclude a pact for employment and training in close synergy with the initiatives taken by the Federation Wallonia-Brussels and to enhance dynamics and territorial intelligence.

Furthermore, the Government announced the adoption, for spring 2015, of a **Marshall Plan 4.0**; consultation with the social partners on this issue was initiated in December 2014. The results and evaluations of the Marshall Plan 2.green, will also feed reflections. This plan globally achieved its objectives and was implemented during the period 2009-2014. Significant results were obtained in different areas (competitiveness clusters, research and innovation, training, entrepreneurship and employment, languages, export, renovation ...).

The Marshall Plan 4.0 will refocus on those key competitive factors likely to structure a **genuine industrial policy based on innovation and supporting employment creation** such as innovation, including digital innovation, training (in synergy with the community responsibilities), the energy and raw materials costs and the development of circular economy, and the attractiveness of the territory. It will specifically focus on:

- Supporting a training and guidance policy to enhance employment opportunities, in synergy with the responsibilities of the Federation Wallonia-Brussels;
- Reinforcing the logic of innovation, including refining the competitiveness clusters strategy (smart specialization), support for industrial development and business growth with key stages of development (creation, internationalization, transmission, innovation , ...);
- Supporting efficiency and energy transition (for individuals and businesses in particular) and developing the circular economy;



- Implementing an infrastructure policy for economic development, taking into account technological, social and economic innovation;
- Supporting digital innovation and the integration of ICT.

The priorities of the **Government of the Federation Wallonia-Brussels** for 2014-2019 are:

- Adopt a teaching excellence pact;
- Reevaluate vocational education;
- Strengthen the guidance and assessment tools to reduce failure in higher education and increase the number of graduates;
- Invest in basic research;
- Invest in school buildings and increase the number of free places;
- Develop cultural and artistic education.

These priorities will be further supported through the **2014-2020 Structural and Investment Funds programmes**, which the Commission approved in December 2014. On February 10 2015 the Walloon Government and the Federation Wallonia-Brussels approved the ESF projects selected in the first call for proposals, including the actions supported by the **Initiative for youth employment** for a total budget of € 800 million (50% from the ESF). The ERDF projects are being analyzed and will be approved in May 2015.

Important parts of these reform programmes are being carried out, as detailed in the following chapters, which give an overview of the main measures adopted or being developed following the Council recommendations and the objectives of the Europe 2020 Strategy.

2. RESPONSE TO THE SPECIFIC RECOMMENDATIONS BY COUNTRY

2.1. *Recommendation 1: Clean up public finances*

The Walloon Government and the Federation Wallonia-Brussels adopted a **sustainable plan for restoring a balance from 2015 to 2018**.

In Wallonia, the deficit is limited to € 450 million (0.1% of GDP) in 2015. The Government has adopted progressive investments, expenses reductions in public administration and public authorities, and the reduction/rationalization of a number of grants.

Regarding the Federation Wallonia-Brussels, the structural deficit reduction measures that have been taken should reduce the deficit to € 170million in 2015 and ensure a gradual return to a balanced budget by 2018.

The two entities have each established a monitoring committee. Their tasks include monitoring of budget execution and evaluating compliance with budget targets.

2.2. *Recommendation 2: Tax reform*

Wallonia has planned or made several tax changes.

First, a **kilometer charge for lorries over 3.5 T**, that will come into force in early 2016. The three regions implement the European Directive on tolls with the truck odometer. In July 2014, the interregional entity Viapass awarded the contract for the mileage collection of trucks to the satellite consortium (T-Systems International/Strabag AG), which will be responsible for collecting the charge. In February 2015, the Walloon Government adopted a draft decree establishing the fee. Its pricing will be determined on the basis of three distinct elements: the number of kilometers traveled, the weight of the truck (3 categories: 3.5 to 12 tonnes, 12 tonnes to 32 tonnes and over 32 tonnes) and the environmental performance of the vehicle. The three criteria above, the fee schedule and the affected road network are yet to be coordinated with the Government, as with the other affected sectors and the other two regions. In addition, a socio-economic study is underway to analyze the impact of this charge on the Walloon economy and employment.

The “**Water protection**” programme of the **Fund for the Protection of the Environment** has been refinanced since 2015. A decree-programme, adopted on December, 12 2014 aims to optimize existing mechanisms for cost recovery related services for the use of water, including the costs to the environment and water resources, in accordance with Directive 2000/60/EC, known as the “Water framework Directive”.

Finally, wishing to remove subsidies being harmful to the environment, it was decided not to renew the financial compensation reducing the **excise duties on energy products** as part of the second generation sectoral agreements (2014- 2020).

2.3. Recommendation 3: Sustainability of public finances

The new regional responsibilities in prevention, organizing the first line of care, chronic care (long term care) and elderly care represent an opportunity to improve complementarity between different policies and to increase the consistency, continuity and efficiency of the care-dependent patients and the chronically ill.

Regarding **prevention**, in addition to supporting already active promotion operators, a “health nutrition” plan will be proposed to promote large-scale and long-course healthy eating habits for the general population. It will involve health and food chain stakeholders. The ultimate goal is to improve overall health and reduce chronic diseases (diabetes, cardiovascular diseases, ...), and related societal burdens.

The improvement and reorganization of **primary care** is also a Government objective. The possibilities to reorganize the coordination mechanisms of primary care (multidisciplinary local networks, integrated home care services, GP organisations ...) will be examined in order to improve continuity of care. The Government will also promote the **electronic exchange of health data** through the recognition of a Walloon “hub” (exchange network of health data), in coordination with the federal e-health project. By enabling providers to access patient aggregated health data, this hub is expected to reduce administrative costs, and improve the efficiency and effectiveness of the health system.

To ensure the **financial sustainability of elderly housing**, the Government will propose improvements on the accreditation standards of nursing homes/nursing and care homes and care. Meanwhile, the Government wishes to reserve priority to those nursing homes and care homes and with a certain level of dependency and concentrate on improving home care and alternative forms of care (such as short-stay centers, day care centers, service residences). The Government will examine which is the best way to obtain new institution places for the

elderly. On **aid to the elderly** (APA), the rights of current beneficiaries will not be changed, but the Government wishes to switch to interventions based on the needs and benefits to respond to situations of dependency rather than additional revenues; an autonomy coverage will be phased in.

Concerning care for **disabled people**, places in residential homes will be reserved for the most dependent and alternatives for more autonomy will be encouraged. The “heavy dependence” plan will be pursued and evaluated. An autism plan should also be put in place.

Finally, with regard to hospitals, the Government will propose to reform **hospital financing**, making better use of resources and the continued concentration of the number of hospital sites on the regional territory.

In terms of **active aging**, the Government of the Federation Wallonia-Brussels adopted a draft decree authorizing any retired person up to 70 years old (retired teaching staff and certain qualified individuals) who wishes to do so, to share their expertise and professional experience in social education. The objective is both to respond to teacher shortages in certain specialties and to enhance learning trades for which a shortage exists and promote active aging.

2.4. Recommendation 4: Labour market, education and training

As planned by the new regulatory framework for Cohesion Policy, the Structural and Investment Funds for the period 2014-2020 will primarily support the policies developed in response to country-specific recommendations, aiming to contribute to the objectives of the Europe 2020 Strategy.

The priorities developed in the ESF framework in Wallonia and in the Federation Wallonia-Brussels relate to lifelong training and integration in the labour market, especially aimed at the young and vulnerable, entrepreneurship, social inclusion and the fight against discrimination, the fight against dropout.

As part of the **2014-2020 ESF programme**, the Walloon Government and the Government of the Federation Wallonia-Brussels have selected nearly 400 projects for a total budget of € 800 million in February 2015. These are as follows:

1. *Businesses and creativity*: € 84 million will be spent on training and support to the Walloon job seekers but also to self-creation of employment and business creation, supporting innovation and creativity.
2. *Knowledge and skills*: training-related projects will be supported for an amount of € 316 million. This will aim at improving higher education systems, strengthening links between education, business and research, and developing training tailored to the socio-economic needs, development of lifelong training.

A project that will fund teacher training in companies, but also training in the Advanced Technology Centers will be particularly supported. This line of financing will also, via the teaching-learning partnership, support the development of Francophone Service for Trades and Skills (Service Francophone des Métiers et Qualifications) and the Francophone Qualifications Framework (Cadre Francophone des Qualifications).

Part of the funding will also be devoted to the rehabilitation of non-school-age youth who possess valuable skills (skills development), alternating training and supporting young people from special education during their transition to the professional world.

3. *Include and employ*: € 250 million will be spent on improving access to insertion devices, support for job seekers in their job search or to the fight against discrimination in the professional world.
4. *Objective “youth”*: € 126 million will be reserved in the next 5 years to help young people under 25 to enter the labour market, including NEETS. This axis also covers the Initiative for Youth Employment, which has a total budget of around € 80 million.

Enhance the effectiveness of employment policies

The Walloon Government has decided to **simplify and streamline employment aid** on a limited number of targeted and effective tools, taking into account other types of regional (economic) and federal aid interventions. Some individual aid devices (subsidies or premium reductions) to finance other structural features of collective scope (including training) will also be examined. The Government will continue to monitor the evolution of legislation in the other regions in order to avoid competition risks. The terms for reducing labour costs will be identified in collaboration with economic and social actors and in consultation with the Federal and Regional Governments. After an analysing phase ensuring the continuity of devices, proposals will be put on the table in 2016.

Regarding the question of the **effectiveness of the public employment** service, the Walloon Government has set a priority to allow FOREM to adapt to new challenges, including the transfer of new responsibilities to the Regions. The Walloon public employment will have to further diversify itself offering more services to citizens and provide a reference lever for Walloon socio-economic recovery.

As part of the individualized support system for job seekers, a **training for counselors and supervisors of FOREM** was set up in late 2014 to strengthen their use of tools and techniques available in terms of orientation and job search, according to real market needs. The objective is to increase the quality of service provided to job seekers and employers.

The reception of employment skills is scheduled for 1 January 2016 (paid education, the Professional Experience Fund and the Fund for Training Vouchers will be transferred on 1st of April 2015).

Controlling job seekers’ availability will be organized in a separate FOREM management service, on terms to be defined. The organic decree and the FOREM management contract will be reviewed. As the regulation remains federal, discussions are underway to determine a normative framework common to all entities to which the Regions will have access for the implementation of this device. Wallonia wants to set up a more focused and better articulated control matching its accompanying policy, to make these two measures real instruments of socio-professional integration.

Inclusion of persons of immigrant background



To promote the integration of **people of foreign origin**, active policies will be improved and support on the labour market strengthened. Individual projects are implemented for newcomers and people of foreign origin. More broadly, efforts are made in Wallonia and the Federation Wallonia-Brussels to fight discrimination at various levels.

A **course for newcomers** will be set up, in addition to the other elements of the Walloon political integration of people of foreign nationality and origin in training, coaching and citizen participation. Learning French will gradually be made mandatory. An action plan for literacy and learning French will be adopted with various Francophone entities and involving all stakeholders.

Following the regionalization of employment and work residence (migrants) responsibilities, the Government plans to adapt the conditions for granting and extending **work permit B** in the event of a professional switch to a new employer. Clear criteria for issuing work permits will be defined.

Various projects were retained after the first call for proposals for the **ESF 2014-2020 programme**. These were launched by the regional centers for the socio-professional integration of foreigners or persons of foreign origin.

Furthermore, as part of an individualized support system for job seekers, a **training in equal opportunities and diversity** was launched in September 2014 for the referent FOREM advisors.

Finally, the Government of the Federation Wallonia-Brussels in December 2014 adopted an **anti-discrimination plan 2014-2019**, including 53 measures in its various jurisdictions, including education, public service, youth and sport.

Youth

Regarding the **integration of young people into the labour market**, the RDP 2014-2020 aims to define a “**path to employment**” for every young person out of his studies, by amplifying and sustaining the “Youth Guarantee”, developing an appropriate accompaniment when leaving school, facilitating quick access to internships, during the insertion training, and through the development of targeted aid for youth recruitment. More specifically, under the current term (in 2017) the Government foresees to:

- **strengthen the target group measures for young people** starting their first job. A private employer hiring a young person that does not have a higher education degree would then benefit from a 0% social security contributions rate for a given period, degressive and being longer when the young person is unskilled;
- **propose**, after consulting the social partners, to offer a **first real professional experience** (“**integration contract**”) to each young person who, 18 months after leaving school and despite his efforts, has trouble to find a job on the labour market.

The Belgian **Youth Guarantee** Plan has been sent to the Commission in April 2014. The ESF programme, including the Youth Employment Initiative, will amplify and perpetuate the device in Wallonia. Axis 4 of the ESF program, with a budget of € 126 million, is dedicated to young people under 25 and their socio-professional integration. This will support projects on alternating transition between special education and the professional world, promotion of



technical and technological professions and the fight against school dropout. It is in this context that the Initiative for Youth Employment will support actions implemented by operators in Wallonia (Liège and Hainaut) and Brussels.

Various actions are underway or have been initiated to implement the Youth Guarantee. The individual support is in place and the recruitment of an expert approach to adapting and improving the management of young people aged 18-25 is in progress, pilot experiments for alternating training for job seekers were launched, and the transitional internship is operational since September 2014. A "Youth Guarantee" project manager was appointed in November to FOREM, ensuring the follow-up and a monthly monitoring has been instored for each job seeker.

A **study on NEETs** was also launched mid-2014 by FOREM (ending in February 2015) to improve the knowledge of the target audience and adapt existing services and/or develop new approaches to the public. A national seminar on this topic will be held in April 2015. It will bring together professionals from Wallonia, Flanders, Brussels and the German speaking East Cantons from public employment services and training who are in charge of the management and integration of the target audience on the labour market. Finally, FOREM launched communication campaigns targeted on youth in the second half of 2014.

Professional mobility, skill matching, coherent educational, training and employment policies, and the fight against school dropout

The Walloon Government has begun work for the conclusion with the social partners of an **Employment and Training Pact**; consultation with the social partners was initiated in early 2015. The objectives are to support the hiring and retention in sustainable and quality jobs, enhance skills matching the needs, develop courses and lifelong education. Training and guidance policies will be strengthened, particularly promising trades and trades in demand, to increase access to higher education and lifelong training, alternating pathways, develop certification for vocational training and the recognition and validation of skills.

On professional mobility, particular attention will be given to industrial restructuring and the creation of new industrial jobs, particularly through reconversion cells and employers group experiences.

In this regard, several interventions of the **European Globalisation Adjustment Fund** were decided in 2014 and 2015 (total budget of around €6 million) to support the retraining of workers after restructuring occurred in the Walloon steel, glass and machinery sectors.

As part of the 6th State reform, the Paid Education, the Professional Experience Fund and the Training Fund for Service Vouchers will be incorporated into the FOREM department that handles financial incentives for workers' training on April 1, 2015.

Being a priority area of the Government, including improving the adequacy of skills, the **alternance training reform** should be operational in September 2015. The cooperation agreement between Wallonia, the Federation Wallonia-Brussels and COCOF (the French Community Commission) has been approved by all stakeholders and an agreement about the next steps was reached end of February 2015. A single contract for young people attending alternance training organizations in Wallonia and Brussels (CEFA, IFAPME and SFPME centers) will be set up. It will harmonize payments granted to apprentices during their training in business, as well as the business approval. A Francophone Office of Alternance Training



(OFFA) will also be implemented in the beginning of 2015 to support the harmonization of practices, statutes and contracts. The Cooperation Agreement for the creation and management of a Francophone Qualifications Framework for education and lifelong training was also adopted. The framework should allow to install more fluid educational and training courses at the service of citizens and employment. As part of the transfer of responsibilities, the incentives for work and training will also be reconfigured.

Recommendations have also been adopted for the Francophone Service for Trades and Skills (SFMQ), responsible for developing the business profiles and training profiles used by all education and training providers. The production of the number of training profiles by SFMQ will thus be accelerated, leading to nearly 150 profiles finalized in 2017 (gradually increasing from 15 to 40 profiles per year in 2017). Priority will be placed professions bringing employment, emerging professions and shortage occupations. Finally, each teaching and training operator will implement the units of learning outcomes (UAA) enrolled in the SFMQ training profiles, allowing mutual recognition of validated UAA, and facilitating the training courses.

At the center of policies to strengthen the training, education and employment synergies, the "Qualifying education – Training - Employment" fields were officially launched in late February 2015, resulting from the Decree adopted in April 2014. These will enable the development of joint projects and the search for optimal consistency between supply and the identified socio-economic needs. The additional offers of internships in companies and business investments in schools and with training providers will be discussed and planned. The Walloon and Brussels territory has been divided into 10 fields. Each of these will be lead by a balanced team composed of representatives from education, vocational training, employment, social and professional integration and social partners.

To support the institution's work by drawing up the diagnosis of training opportunities and needs, a technical working group led by the Walloon and Brussels regional statistics institutions was set up in June 2014; it unites experts and technicians from the concerned administrations, economic and social councils, members of the "fields" and cabinet representatives.

Moreover, new **framework sectoral agreements** are being developed. These allow specific agreements between the training and employment sectors and operators to be established on the one hand, and education on the other, resulting in concrete projects involving the companies and providers of training, integration and education focused on courses, immersion, alternance training, teacher training in businesses, training of workers in the competence centers.... Since late 2014, meetings are held between each Minister of Education, Training and Employment of Wallonia and the Fédération Wallonia-Brussels and the sectoral federations. Negotiations began to develop the engaged synergies, especially with the IFAPME, FOREM and Walloon skills centers and, for education, to develop specific educational policies. In February 2015, an agreement with the hairdressing sector was signed and others will soon follow with the food, wood, chemical, pharma and aesthetics sectors. The next areas that will be contacted are the green sector, the stone and retail sectors.

As part of **refounding qualifying education**, additional measures amounting to € 5 million were awarded in December 2014 to modernize the teaching equipment of facilities and complete the equipment of the 30 Advanced Technology Centres (CTA) of the Brussels-Capital and Wallonia Region. These resources will be complemented by support from the European Regional Development Fund (ERDF). In addition, the cooperation agreement

between the Brussels-Capital Region, COCOF and the Federation Wallonia-Brussels on the equipment provided and the collaboration between advanced technology centers and reference centers was approved in a second reading.

The Government of the Federation Wallonia-Brussels adopted **its guidance for further education and distance learning** in January 2015. The aim is to promote lifelong training for all, improve training ranges and support innovative and promising sectors for employment. Three priority areas have been identified:

1. *Ensure accessibility of every citizen* to this teaching, with particular attention to those furthest from the labour market. A "tailored" program will be developed and social and educational support will be set up for better orientation, the drop-out detection and individual support. The organization of teaching modules will also be redesigned, including via e-learning and distance learning.
2. *Develop a diversified educational offer adapted to current issues*, and as part of a strong local programme, developed in partnership with secondary (fields) and higher (cluster) education but also with regional employment services. A true reflection will be conducted with secondary education for remedial actions or studies resumption in the event of dropping out, after the common part and in the context of the fight against early leaving.

Agreements will be developed with different training actors concerning skills shortages, promoting training for obtaining the higher secondary education degree (CESS), the distance language learning certification (Wallangues), the development of the alternance in higher social promotion education.

3. *Control and visibility*: creating tools for piloting, indicators, multicriteria and performance analyses, creating an educational resource center or in-service training of teachers, optimization of staff framing and launching an information campaign ... These measures will participate in the modernization process.

To fight early school dropout and to achieve the objectives set at the European level, the Federation Wallonia-Brussels has a substantial body of legislation at all levels, and has foreseen a specific index to better assess the effects of these policies. This index indicates a decline in the dropout rate from 7% in 2006 to 5.7% in 2012. The sectoral and intersectoral decrees of 21 November 2013, which coordinate all control services against school dropout, came into force on September 1, 2014. They must be assessed in order to feed an **Intersectoral plan against dropout** under the Youth Guarantee. This will be coordinated between regional and community stakeholders. It will aim at the preventive, curative and alternative aspects. Particular attention will be paid to absenteeism and ways to treat this, school exclusion, support for pupils with special needs and statistical control.

Several of the projects described above will be pursued and implemented with the support of the **Structural and Investment Funds** during 2014-2020. The ESF program will devote large budgets (€ 316 million) to skills development and to improving the training and education systems, in line with socio-economic needs. In addition to the actions developed by the ESF in training, the ERDF programme provides €70 million to equip competence centers. As mentioned in the previous Section, axis 4 of the ESF programme will focus on the socio-professional integration of young people and the fight against school dropout.

2.5. *Recommendation 5: Competitiveness*

On issues related to the coordination of education and training policies, inadequate skills and school dropout covered by this recommendation, we refer to the previous Section that addresses these issues in detail.

Retail trade

Following the regionalization of this responsibility, the Walloon Parliament adopted the **decree establishing the provisions on commercial sites** in January 2015. This sets out three categories of licenses:

- The implantations of less than 400 m² should only be notified at the municipal authorities;
- The implantations with a surface between 400 and 2500 m² are subject to a permit granted by the local authority;
- The implantations of over 2500 m², extensions of more than 2500 m² or the locations in several municipalities are subject to a regional process to the associate civil servant and therefore require a regional license.

These new provisions will improve the organization of commercial sites throughout the regional territory. Each permit application will be evaluated based on four criteria: consumer protection, protection of the urban environment, employment policy, contribution to sustainable mobility. These are established in accordance with the Services Directive. Furthermore, the reform will allow significant administrative simplification through the issuance of an integrated permit (in coordination with environmental and planning permits) through a single office and paperless permits for Commercial Implantation.

The Government also adopted a decree which aims to determine the approval procedure and the procedure for filing permits for commercial sites and integrated permits. This text finalises all the necessary devices for the implementation of the material on the regional territory.

Finally, the Walloon Government approved the establishment of the transitional appeal committee. It will take note of possible appeals against decisions taken on the basis of federal law. The region is already autonomous for appeals concerning commercial implementation.

Energy distribution costs

The control of energy costs for individuals, businesses and non-profits will be a priority of the Marshall Plan 4.0. For businesses, the measures will include support for self-production of energy, development of sectoral agreements, the fight against "carbon leakage" The RDP plans to clearly identify the components of the invoice and to control the regional price components for gas and electricity, while respecting the powers of the Walloon Commission for Energy (CWaPE) and in collaboration with federal actors.

In addition, the decisions taken in 2014 to review the system of green certificates (setting up a booking system based on annual green certificates funds defined by field per year for a better control of the supply of green certificates and modification of the grant formula for calculating correct level of support), a **decree on the period for granting green certificates for photovoltaic installations** installed between 2008 and 1 December 2011 was published in late December 2014. This reduces the issuance time for green certificates from 15 to 10 years for these installations (79,000 installations are concerned). This will reduce the number of green certificates on the market from 12 to 13 million for 2018-2027, a savings of over € 780



million for all Walloon consumers, while maintaining a return rate of 7%. The few installations that could see their profitability impacted below this threshold will benefit from special provisions.

The Government plans to thoroughly assess all aid mechanisms for renewable energy as well as all costs and, on this basis, to reform support mechanisms, in consultation with stakeholders. The Walloon legislation on the promotion of electricity produced from renewable energy sources will be reviewed in the spring of 2015.

Regarding the price of electricity for businesses, the Government plans to introduce a compensation for the indirect costs of the European mechanism for CO₂ allowances for the benefit of industrial consumers (carbon leakage).

Following the transfer of responsibilities, CWaPE adopted the tariff method, applicable for the period 2015-2016, in August 2014. On this basis, the electricity and gas distribution operators and gas have established their tariff proposals 2015-2016, adopted by CWaPE. In order to not hinder the adoption of the 2015 rates due to methodological difficulties of implementing the progressive and equitable pricing, initially scheduled for 1 January 2015, it was decided in October 2014 to postpone its entry into force till 2017.

Finally, late December 2014 the Government adopted the Decree on the gas market organization in second reading. The main changes imply the improvement of end user protection and social protection measures. The Decree also provides adjustments aimed at improving the functioning of the liberalized market and at increasing the regulator's skills and independence.

Innovation

In December 2014, the Walloon Government drew the **first lines of its research and innovation policy reform**. The multi-year strategy will be easier to read and built around integrating structural axes including a smart specialization strategy in the Region (see Section 3.2), the European priorities and the other Belgian entities. The system of aid for research will be reconfigured to reduce the number of calls, encourage collaboration and structuring projects. Particular attention will be paid to supporting technological innovation platforms and industrial research development. The different categories of players will also be encouraged to refocus their activities on their first missions, while supporting dialogue between basic and applied research.

This new multi-year strategy for research and innovation, and the **new draft Research Decree** will be approved by the Government in April 2015. In addition to compliance with EU rules on state aid for RDI, the draft Decree provides provisions enabling the funding of infrastructures related to research projects and the voluntarily regrouping of research centers.

The new **Agency for Enterprise and Innovation** (AEI) and its subsidiary, the Walloon Digital Agency (AdN) have been operational since early 2015. This single reference for companies and the self-employed aims to guarantee the consistency and efficiency, and simplify the economic and technological animation and digital policy in Wallonia. The AEI will structure, pilot and evaluate an integrated, legible and visible operators network. Together with its subsidiary, they centralize their respective platforms within a business and digital information portal as a true single point of entry for business.

The AEI management contract and that of its subsidiary that will be adopted by June 2015. It will set the priorities, being the implementation of a digital plan, the reform and simplification

of aid to businesses, creating a unique office for businesses, repositioning operators of economic leadership and innovation and network control, implementing the priorities of the next Marshall Plan 4.0., the implementation of the Small Business Act, ...

2.6. Recommendation 6: Reduce greenhouse gas emissions

The Walloon Government prioritarily wishes to finalize the **allocation between entities of the Belgian objectives of the European 2020 climate and energy package and ETS** revenues (for Belgium these account to approximately € 207 million at end-2014, blocked on an account). In December 2014 the Government also decided to seize the consultation committee on this subject, after which the National Climate Commission resumed work on 30 January 2015. The revenues from the to CO₂ allowance auctions will be dedicated to strengthening third-investment systems and energy services to finance energy-saving works in the buildings, SMB, public sector and non-profit sector.

In accordance with the Climate Decree adopted in February 2014, these objectives will be pursued through the **"Air-Climate-Energy" Plan** being developed, with guidelines fixed by the RDP; it will focus on the most effective measures and ensure consistency between policies.

The Marshall Plan 4.0 will focus on the **energy efficiency of buildings** based on the experience of the first Employment-Environment Alliance for sustainable construction, which will be refocused and strengthened. The long-term renovation strategy of Walloon buildings (2030-2050) will particularly be refined. For new buildings and major renovations, the standards will be implemented with the aim of achieving the Nearly Zero Energy Building (NZEB) target at optimal costs in 2020.

The **interim evaluations of the first Employment-Environment Alliance (AEE)** lead to a first estimate of the economic, social and environmental impact of the first AEE measures. Economically, the AEE has led to a significant increase in private and public demand for sustainable renovation, and helped to create/maintain jobs in the construction sector. The Ecopack measure (zero interest loan for renovations, associated with bonuses) benefitted households with low and modest incomes at 40%. On the environmental level, the AEE has reduced energy consumption (2 million MWh in 2014, or 1.6% of total final consumption and 4.6% in the domestic sector - 5,5 million MWh in 2020, representing 4.3% of total final consumption and 12.1% of the consumption of the domestic sector) and CO₂ emissions (from 500 000 T in 2014 and 1.3 million T in 2020). The evaluation of the first AEE Government mode also enabled identifying areas of improvement for the current AEE and for a new AEE.

The Walloon Government has also approved an **Action Plan on Energy Efficiency (PAEE)** in March 2014, a Walloon contribution to the national plan. It aims to promote a rational and efficient final energy consumption, but also includes the track record of energy, from production to distribution through the transport. In the field of Energy Performance of Buildings (PEB), more oriented to new construction or important renovations, the PAEE also includes all the renovation components of the existing building stock through the aid and subsidies mechanisms such as the UREBA subsidies. The PAEE makes use of the first version of a long-term strategy for mobilizing investment for the renovation of residential and non-residential (commercial, industrial) buildings, both public and private. The PAEE is also a valuable tool for assessing the impact of existing measures that are mostly encrypted. It is

also a trajectory verification tool to compare with European targets and new energy saving requirements by 2020.

Regarding new constructions, the gradual strengthening of the requirements for achieving future near-zero energy buildings (reducing consumption and use of renewable energy) is underway through the **PEB regulation**, with the adoption of the Nearly Zero Energy Building plan (NZEB), the PEB decree of 28 November 2013 and the Walloon Government decree of 15 May 2014. The main changes relate to the realization of a feasibility study on energy sources and the use of the PEB certificate as a sale or lease argument. Since 1 January 2015, the energy performance indicators should indeed be mentioned in all advertisements made for the sale or lease of a building or a PEB unit, allowing its effective integration into the selection criteria (thus the price) of the buyers.

Furthermore, the Walloon Government in February 2015 approved the draft **reform of Housing - Energy bonuses** for individuals, subject to a moratorium since 1 January 2015, for a period of 3 months. The objective is to simplify and harmonize systems and strengthen the incentive effect (limiting the deadweight effect). Premiums will be more focused on the most effective work for energy savings, being essential for safety/renovation. The new method for calculating the intervention will apply from 1 April 2015 and will be modulated according to the beneficiary's income level, with a maximum income level; an increase per dependent child is also planned. Finally, the procedures will be simplified. The overall budget dedicated to these bonuses will be reduced to € 40 million (-25million), but the zero or reduced loan rate is strengthened (Ecopack, Rénopack, Accèspack): the device is increased from 75 million to 85 million in 2015 and aims at € 100 million in 2019. The Fund for the reduction of the global regionalized energy cost will be merged with Ecopack.

The DPR also strengthens the awareness and information for consumers about their energy consumption and provides a single point of contact for local access to the various support tools available.

In **transport**, the RDP 2014-2019 provides for the implementation of a "**Transport and Logistics**" strategy, aims at boosting the Walloon ports and enhance their coordination, enhance multimodal platforms and ensure their networking. In road matters, priority will be given to investments in economic development, as part of multiannual programs. The draft Air-Climate-Energy plan, currently in preparation, will set targets for reducing greenhouse gas emissions in the transport sector.

To implement these guidelines, the Walloon Government in December 2014 adopted the **management contracts of 4 autonomous Walloon ports**. The adoption of management contracts will allow each port to receive a budget of € 5 million for 5 years, not taking into account specific plans that the Government may launch in the context of certain projects. The granting of this budget is subject to a number of obligations by the port (a five-year investment plan, a business plan and scorecard indicators). In addition, a coordination platform for ports will be set up.

In February 2015, the Walloon Government decided to introduce two funding demands under the **TEN-T 2014 – 2020 programme**:

1. The Seine-Scheldt project : update class Vb for the Lys and the Upper Scheldt and class Va for the Walloon dorsal (Nimy-Blaton Canal, Central Canal, Charleroi-Brussels Canal Sambre side) ;
2. The Meuse Basin project below Namur: update VIb for the Ampsin-Neuville lock, and other works.

The 2014-2020 subsidies plan for **alternatives to road transport** was also adopted in May 2014. Its main objective is to develop river transport for goods in Wallonia and sustain a successful inland fleet.

In terms of **mobility**, a comprehensive approach reconciling accessibility, environmental and economic efficiency is foreseen, integrating the various players and connecting neighbouring countries and regions, taking into account linkages with other policies (planning, organization of working time, telecommuting, carpooling, development of soft transport modes, ...). As for public transportation, consultation between operators will be strengthened to improve complementarity offers. Structuring public transport projects will be continued.

Let us also note that, in the **2014-2020 ERDF** programme, a budget of around € 274 million is dedicated to axis 4 "Shift towards to a low carbon economy in 2020", which covers support measures to renewable energy, cogeneration, energy efficiency of buildings, multi-modal mobility, energy efficiency and renewable energy use in businesses.

Finally, a participatory exercise on the **first Walloon Sustainable Development Strategy** was completed in 2014, to assess the issues and possible approaches of the strategy. A second Walloon Sustainable Development Strategy should be developed and adopted in 2015, focusing on a few specific areas.

3. THEMATIC OBJECTIVES OF THE EUROPE 2020 STRATEGY

3.1. *Employment*

In addition to the policies developed in response to the country-specific recommendations described in chapter 2, several other measures contribute to improving the employment rate in Wallonia, either via job seekers' mobility, supporting proximity services and developing solutions to reconcile private and professional life.

Through the reform of **employment aid**, the Government will pursue the following objectives: youth employment, support to the most promising sectors, SME's, entrepreneurship, inclusion of the most vulnerable groups in the labour market (low-skilled, discriminated and disabled persons). These objectives will be pursued through the implementation of the **2014-2020 ESF programme**.

As part of encouraging **inter-regional mobility of job seekers**, collaboration between public employment services continues, including the automatic exchange of vacancies. A common goal for FOREM and VDAB has been set for the insertion of job seekers in Flemish companies. In terms of preparing candidates for employment in Flanders, the actions taken are regularly adapted, expanded and improved. In 2014, FOREM has received 86,176 vacancies in other public employment services and redirected 42,476 in the latter; 13,500 Walloon jobseekers have found employment in Flanders in 2014. According to regional perspectives (established by the Federal Planning Bureau in cooperation with regional institutes), inter-



regional mobility will increase in the medium term, particularly in Wallonia where the positive balance of Walloon commuters should grow by 0.8% per year over 2013-2019.

Beyond mobility between Belgian regions, Wallonia focuses on the – especially cross-border-international mobility of Walloons. **Foreign languages teaching** devices will be reinforced in this perspective, as part of the Marshall Plan 4.0.

Beginning of November 2015, Wallonia has also signed a **framework agreement on cross-border vocational training between Rhineland-Palatinate, Saarland, Lorraine, Luxembourg, Wallonia and the German-speaking Community of Belgium**. The aim is to promote mobility amongst young people, to validate and recognize the qualifications of young people on both sides of the border and thus intensify training and qualification exchanges. The latest Inami figures already show that more than 49,000 Walloon workers cross the border every morning to work either in Luxembourg, Germany or France. This represents an evolution of more than 10% over the last 5 years.

In terms of **support for local services**, regionalizing certain devices will be an opportunity to strengthen the coordination between actions and clarify their objectives and respective target audiences. The devices and structures for training and employment will be reformed to enhance readability and efficiency.

As part of the regionalization of **service vouchers** from 1 January 2015, the Walloon Government has decided to review this mechanism. From the tax year 2016 on (that is to say, income of the year 2015), the tax reductions for benefits paid with service vouchers will be revised downwards. Compared to the current plan, the amount considered for the tax cut will be reduced by 2/3. The regions have agreed to make the user home the basis to finance the system.

To facilitate the reconciliation of private/professional life, the Walloon Government and Government of the Federation Wallonia-Brussels have set ambitious targets for creating nursery places. As part of the **“Plan Cigogne III”**, following the second part of the project call of the plan launched in May 2014, 5,400 new spaces will be created between 2015 and 2018 (200 more than originally planned), including 3,186 in Wallonia. Part 3 of this plan aims to create 5,200 more places between 2019 and 2022 with, according to the RPD, 1,900 places before the end of the term. In addition to the operating subsidies granted by the ONE for these new places, the Walloon Government also decided in late February to grant € 60 million to infrastructure, which will benefit nearly 3,000 of created spaces. Furthermore, additional regional resources are allocated as employment aid; these allow the creation of 650 new jobs by the end of the term.

Furthermore, as part of the 6th State Reform, the **Fund for Collective Facilities and Services (FESC)** has been suppressed as of December 31, 2014, and its means integrated in the ONE (Office of Birth and Childhood). The Government of the Federation Wallonia-Brussels has adopted various decrees to transfer the last quarter 2014; it is operational on 1 January 2015. This transfer will enhance coherence in the services offered to families. This applies to hospitality services for sick children at home and home activities for children during their free time outside of school. The ONE funds will be increased by € 34.8 million to help ensure the continuity of monitoring operators, to ensure the support and administrative and financial monitoring of these projects.

3.2. *Research, Development and Innovation*

In December 2014, the Walloon Government drew the first lines of its **research and innovation policy reform**. It is based on three pillars: the reform of the Research Decree, the development of a Research and multi-year innovation strategy and the reform of financial incentives (see also Section 2.5).

The new multi-year strategy for research and innovation, which will be adopted in April 2015, together with the Research Decree, will be at the heart of the Marshall Plan 4.0. This will in particular aim at the consolidation of a **regional policy for sustainable industrial innovation and the extension of the regional smart specialization strategy**, at different levels:

- Stimulation of **R&D and innovation dynamics**, taking into account the innovation and creativity cycle, innovation at large and potential to remove cross-fertilization between sectors (and centres/clusters). To enhance the impact of policies on the regional economy, a stronger emphasis will also be placed on industrial value of research, the deployment of key enabling technologies (KETs), marketing and the link to markets;
- Involvement of **SMEs** in innovation dynamic and stimulating innovative entrepreneurship;
- **Internationalization** of industrial and innovation players through enhanced coordination with the European programmes, greater involvement in European networks and targeting of bilateral and interregional cooperation;
- Strengthening **sustainable development and stimulate efficient use of resources** as a transverse axis to industrial and innovation policy.

In terms of budget, Government budget for R&D remain on the rise, and will be completed in 2015 by means from the Structural Funds. For the period 2014-2020, a total budget of € 440 million is dedicated to the Innovation axis of the ERDF programme, which will fund different types of interventions: advanced equipment in research organizations, support for research projects and the use of results for SMEs, loans to innovative companies, demonstrators and pilot units. This is complemented by actions promoting research, innovation and creativity financed by the ESF. To this purpose, the Government selected several projects in February 2015.

As part of the **Competitiveness Clusters policy**, a budget of € 47 million was granted after the 11th call for projects. € 41 million will be budgeted annually as part of the Marshall Plan 4.0 to support the clusters' research projects, plus € 15 million in 2017 and 2018. In addition, significant budgets have been dedicated in spring 2014 to support two cluster **innovation platforms**. First, € 47 million was allocated to a project to create a center dedicated to cancer research and treatment (proton therapy). In addition to unique therapeutic applications, it aims at expanding the scope of applications in proton therapy; it will be operational in 2017. In addition, a budget of € 41.5 million was allocated to the project "Reverse metallurgy", which brings together research centers and companies around the theme of metal recycling, in a logic of circular economy and sustainable development. In connection to this project, several Walloon stakeholders are involved in the new KIC Raw materials approved by the EIT in December 2014.

Various projects have also been launched for **interregional or international cooperation** in RDI. A call with Brussels dedicated to transport and mobility was launched in April 2014 (€



10 million), and a joint appeal for collaborative SME projects was launched to the three regions early 2015.

On the international level, new calls (companies and universities) for researchers' mobility have been launched in June 2014 and February 2015, as well as several ERA-Nets calls on the themes of smart cities, nanotechnology, new materials and production technologies, manufacture, solar energy, smart grids, ... The involvement of Wallonia in the "Vanguard Initiative" also aims to strengthen the international dimension of the smart specialization strategy. A reflection was finally initiated with all stakeholders in Wallonia and the Federation Wallonia-Brussels, including the competitiveness clusters, to strengthen participation in **European programmes** (Horizon 2020), in connection with the Region's smart specialization strategy.

At the innovation and creativity level, the implementation of the **Creative Wallonia** programme and of actions in the Wallonia European Creative District continued.

A pilot action for **creativity vouchers** was launched in June 2014. These vouchers are intended to support duos formed by a company looking for more creativity and a creative professional (external to the company). Together they offer a project where creativity brings real added value to promoting an existing product, developing a prototype or process optimization (whether organizational, production or other).

Two **Living Labs** pilot projects, covering growth themes for Wallonia (e-health and gastronomy) were selected in 2014 following a call for projects: they were officially launched in January/February 2015, for a period of 2 years. In the spirit of open innovation, they include different types of public and private actors (companies, research laboratories, local authorities, potential users, ...) and aim at going further in the creation of innovative products and services testing them "live" and developing a strategic vision of their potential usage. This should eventually lead to an innovative, effective and efficient model for the Walloon Living Lab and hence the selection of other key issues on which Wallonia can capitalize.

Moreover, following the "**Creative Hubs**" project call launched in January 2014, 7 creative hubs projects were selected in major cities in Wallonia (Namur, Liege, Louvain-la-Neuve, Mons, Charleroi, Tournai and Arlon), allowing the adaptation of actions to the regional and local economic realities. According to the call, they have a period of one year to test and implement their creative hub model whose objective is the transforming the "traditional" economy into a "creative" economy by enabling the actors to promote open innovation, hybridization and transdisciplinary collaborative intelligence. After this period, the refined and validated Walloon creative hubs will be sustained through the European Structural Funds.

Given their success, it has been decided to pursue **Boost-Up actions/ Creative industries and Nest-up**. Since its launch, Boost-Up/Creative industries has achieved 6 calls for projects and received more than 500 applications and the granting of aid funding for 36 selected winners. The Nest-Up action has enabled 4 start-up acceleration sessions since the fall of 2012. This allowed helping creating 19 start-ups in two years.

As part of WECD, an **assessment of Creative Wallonia** was completed in 2014. It highlighted the novelty and relevance of the programme, which has helped strengthen collaborative dynamics and cross-cooperation. It has created a more favourable environment for the development of innovative and creative projects in Wallonia. Among the various recommendations for improving its implementation, it has been proposed to involve the competitiveness clusters in the process. It has also been recommended to continue



international efforts. A **study on the link between ICC and knowledge-intensive services with industry** has also been finalized.

As part of the Marshall Plan 4.0, the Government intends to focus on supporting the **creation and development of innovative businesses**, including by diversifying their funding. The RPD foresees a detection device for companies with a high growth potential, and improve specific accompaniments to innovative companies. The **Agency for Enterprise and Innovation (AEI)** (in coordination with its subsidiary, the Walloon Digital Agency), a new one-stop office for businesses, operational since January 2015, will be at the heart of the system (cf. Section 2.5.).

Finally, concerning the preparation of the **Digital plan**, which will be part of the Marshall Plan 4.0, a "Digital Council" was launched late February 2015, and a digital forum will be held in spring. A budget of around € 200 million will be made available for this plan over 4 years. It will be aimed at developing the digital economy in all sectors, particularly in the areas of health, smart cities and mobility.

3.3. Education

Higher education

The Government of the Federation Wallonia-Brussels prioritises the implementation of the **higher education “landscape” reform**, which will also be evaluated. In October 2014, the Government adopted a draft decree approving the statutes of 5 academic clusters. These new structures have a central role in the new higher education landscape, particularly in terms of collaborations and synergies between all types of higher education institutions.

Late February 2015, the Government also approved a draft decree on various developments in the "Landscape" decree, at the sector's request. These include simplifying and harmonizing complaint procedures and develop academic career structures. Students who have acquired 30 credits of their course program can now complete their education without having to double their year, and reorientation mechanisms are proposed as from the January session. The framework of the Agency for the Assessment and Quality of Higher Education has also been adapted in order to comply with European standards.

Moreover, the role of higher education in lifelong training will be strengthened with the ESF's support, in particular through valuating acquired experience, extending pilot alternance experiments, strengthening the connections with employment and training operators.

Improving access to higher education will be pursued, especially regarding the cost of education, social support for students, and guidance.

Finally, the Government plans to refinance and reform the higher education **funding system**.

School dropout

In addition to the existing (sectoral and intersectoral decrees) and developing (cross-sectoral fight against dropout plan, as part of the Youth Guarantee) mechanisms detailed in Section 2.4., the Government of the Federation Wallonia-Brussels in January 2015 presented its **"Pact for Excellence in Education"**. Based on wide consultation, it aims to define action priorities at a 10-year horizon to strengthen the quality in education, at different levels:

- quality of guidance, consistency of students' courses;
- quality of training, support and guiding of the education actors;
- quality of the offer, skills and knowledge;
- quality and efficiency of education governance.

The Pact will enable a better allocation of resources for the fight against failure and improve education. It should be adopted in 2016.

The reforms presented in chapter 2 regarding alternance training, strengthened partnership links between education and business, especially through qualifying education, will also contribute to fighting school dropout.

On reforming the **education system**, the RPD 2014-2020 plans to focus on basic skills (reading, speaking and writing, mathematics, science and technological approach, languages and ICT skills). The Government intends to generalize a summative external examination at the end of high school, and extend the core of topic at least until the third year.

Regarding **scientific and technical studies**, the focus will be laid on students aged 10 to 15. Partnerships will be developed between primary and secondary schools to explore scientific experiments for elementary school students, specific animation modules will be developed, educational materials will be available and the scientific skills of new teachers will be strengthened as part of their initial training. It is also expected to give a "polytechnic" dimension to the general core of topic in secondary education, and to organize technical discovery activities for all students. The Government will consider the creation of a technological pathway leading to higher qualifications in qualifying education. Outreach initiatives of the results of research and scientific achievements will be promoted. Scientific studies and careers will be promoted among young people.

3.4. Social Cohesion and Social Action

The Walloon Government plans to conduct an **integrated preventive social action policy** contributing to the empowerment, autonomy and well-being of everyone, with special attention to the fight against child poverty and poverty among the elderly.

Actions will be pursued to reduce the energy consumption of low-income households, to support socio-professional integration, the fight against illiteracy and indebtedness, and facilitate access to housing.

Fight against poverty and over-indebtedness

The guidelines for the development of a **regional plan to fight poverty** were decreed by the Government early 2015. This plan will complement the existing policies and provide effective and coordinated response to the needs of people experiencing poverty or insecurity.

In July 2014 the Walloon Government appointed the non profit organization **Walloon Network for the Fight against Poverty** (RWLP) as a privileged expertise interlocutor. The aim is to improve the effectiveness of the implemented measures, and strengthen dialogue with the poorest. The RWLP will be asked to set a work plan for the most disadvantaged, to be evaluated annually.

The **Social Cohesion Plans (PCS)**, which were evaluated positively, will continue until 2019, but simplified administratively.



In terms of indebtedness, a coordination committee will be created involving the various Walloon actors that **fight excessive debt**, in order to identify the different actions that will strengthen preventive missions, including through support groups for the prevention of over-indebtedness and fiscal guidance.

Regarding the next **Child Rights Action plan 2015-2019**, to be adopted in 2015 by the Governments, a final evaluation of the 2011-2014 plan will be submitted to the Government during the first half of 2015. It aims at achieving the results of the pursued policies, assess the impacts and formulate recommendations.

When it comes to the transfer of responsibilities regarding **child benefits**, Wallonia can exercise them from 1 January 2016 at the earliest. The Government initially does not wish to change the system in order to ensure continuity of service. Reflections on changes to be made to the system after this will be conducted in consultation with social partners and families' representatives. The greatest possible convergence with Brussels will be pursued.

Active inclusion

As part of the **2014-2020 ESF programme**, the Walloon Government and the Federation Wallonia-Brussels have allocated a budget of € 250 million to the "Include and employ" priority with the aim of improving access to insertion mechanisms, to support job seekers in their efforts to find a job, or to the fight against discrimination in the workplace. This will include projects for guiding migrants in their socio-professional integration, training for people with disabilities, (pre) training for job seekers, and literacy programmes. Projects of the first call were selected in February 2015.

Housing

Regarding housing, the Walloon Government in February 2015 approved the draft **reform of Housing – Energy bonuses** for individuals (see Section 2.6). Bonuses will be more focused on the most effective or essential measures on energy savings or safety/renovation. The terms will be reviewed, and they will be modulated according to the beneficiary's income level, with a maximum income level to qualify.

Efforts have also been undertaken to **diversify housing solutions**, in accordance with the UN Convention on the Rights of Persons with Disabilities, to offer a choice of places to live to every person, taking their aspirations into account (Walloon decree of May 15, 2014 relating to available housing, adaptable housing and special needs housing, projects, the "Logement encadré novateur - LEN" which aims to support independent housing for people with intellectual disabilities). As detailed in Section 2.3, the Government will pursue its action for the elderly and people with disabilities by opting for formulas favouring greater autonomy, as residential services are reserved for the most dependent people.

3.5. Energy-Climate

In addition to the measures detailed in Section 2.6 for general emissions reductions ("Air-Climate-Energy" Plan, sustainable energy strategy) or specific measures for the construction industry (Employment-Environment Alliance, bonuses reform, action plan for energy efficiency and regulatory PEB) and transport (multimodality, mobility, ...), the industrial sector also contributes by improving energy efficiency.

The central tool, the **second generation sectoral agreements** began in 2014 with the objective in 2020 of an improved 11.4% energy efficiency and reduced CO₂ emissions by 16.1%. End of 2013, 153 participating entities to 15 agreements lead to a result of respectively 8.7% and 12.9%.

Financial counterparties are renewed, with the exception of the reduction of excise duties on energy products. These second-generation agreements still involve result-based goals regarding improving energy efficiency and CO₂ emissions, but have added an obligation of means:

- estimate the renewable energy development potential on industrial sites;
- develop a CO₂ study in the form of either a carbon footprint of the concerned industrial sites or of a life cycle analysis on the company's key products;
- establishing a 2050 energy "roadmap" in each stakeholder industry.

The possibility of expanding the branch agreements to the tertiary sector and SMEs will be examined. Regarding the circular economy, energy and material flows will also be considered.

Moreover, the requirement to conduct a **cost-benefit analysis** to assess the possible relevance to install a **cogeneration** (for new installations with a total thermal capacity of over 20 MW and substantial renovations) was introduced through the environmental permit legislation in June 2014.

On support for **renewable electricity production**, as detailed in Section 2.5, a reform of the green certificate system was held in 2014. The Government intends to proactively contribute to the European objectives, based on balanced distribution of responsibilities by the Federal level and the Regions. In this perspective, a study is underway to review the strategy for developing renewable sectors based on technological, economic and societal evolutions. Renewable support mechanisms as well as the costs will be assessed to support the mechanism reform in consultation with stakeholders. The Walloon legislation on the promotion of electricity produced from renewable energy sources will be reviewed in the spring of 2015.

Furthermore, some specific measures for certain renewable energy sectors have been implemented, such as:

- The selection of projects following a call for a biomass project (BIOMETH 10 programme) to the establishment of biogas units in agriculture, biogas injection into the natural gas grid, ...);
- The entry into force of the total Quali watt plan (small photovoltaic installations) with the end of the transitional period of the Plan launched in September 2014;
- The modification of the premium for the installation of a solar water heater in April 2014 (increase of the premium amount and new conditions). The Soltherm premium has been placed under a moratorium since 01.01.2015.

Finally, under the **2014-2020 ERDF** programme, a budget of around € 274 million is dedicated to axis 4 "Transition to a low carbon economy in 2020", covering support measures for renewable energy, cogeneration, energy efficiency of buildings, multi-modal mobility, energy efficiency and renewable energy use in businesses.

4. COMPLEMENTARY REFORM MEASURES

4.1. *Industrial policy and efficient resource use*

The **Marshall Plan 4.0** (the final version will be adopted in the first half of 2015) particularly aims consolidating a **regional policy for sustainable industrial innovation** and contribute to European objectives in terms of re-industrialization and innovation. This is to actively support the transition of the Walloon economy to a competitive, open, innovative and sustainable model.

The implementation approach will not only be aimed at boosting business competitiveness by acting on the different levers of total productivity of factors (investment, innovation and creativity, ICT, internationalization, skills) but also at supporting a transition process to a more (eco)efficient model in order to strengthen their competitiveness-costs (possible reduction of the cost of energy inputs, efficiency in processes, reuse and recycling, ...) and to enable them to bear the costs associated with this transition. Secondly, business creation and development of new and promising niches will also be supported, particularly regarding the "green" economy.

The policy of **competitiveness clusters** remain at the heart of the Marshall Plan 4.0, and will be refined based on the recommendations in recent evaluations, possibly deepening the Walloon Strategy for smart specialization (see Section 3.2.) . This focuses on innovation dynamics (including ICT), on creative and industrial development, on the involvement of SMEs, on internationalization and the development of circular economy. Overall, the monitoring and evaluation tools of the policy of clusters will be further developed in order to ensure effectiveness and efficient pilotage, depending on context changes.

This policy has been further implemented. In the 11th call for projects for clusters, 12 projects were thus selected for a total sum of € 47 million. For the 12th call, 7 projects with a budget of € 28.5 million were selected in March 2015. As detailed in Section 3.2., substantial budgets have also been dedicated to innovation platforms (proton therapy and reverse metallurgy). Moreover, the jury also ruled on some cluster projects. Biowin will thus participate in the 2nd call for projects of the Massachusetts Life Sciences Center (MLSC). Mécatech, in partnership with the Massachusetts Institute of Technology (MIT), will launch a preliminary study on the area of the future battery. As part of the first MLSC call, 2 active Walloon SMEs (one active in the field of cell therapy and the other in in vitro diagnostics), obtained funding for their collaborative project with Massachusetts companies. As part of the Eureka programme, the Walloon clusters (especially Biowin, Mécatech and Skywin) are actively involved in bilateral cooperation with Switzerland; a call for projects is underway.

Also at the international level, the Mécatech cluster, together with the SIRRIS research center, is involved in a pilot project for the establishment of a European demonstration network in the field of 3D printing with different partner regions, including Flanders. This is possible by involving Wallonia in the "Vanguard Initiative", especially in relation to the development of smart specialization platforms in the field of advanced manufacturing,

The jury also made several recommendations (strengthening the economic impact of the projects, business development through a more intensive support during the project design, greater export vision (beyond the poles), ongoing concern as to the future use of results, ...) to be taken into account in redefining the expected goals of competitiveness clusters, both



regarding their impact on economic activity, as on the operating processes. Note that the jury will be renewed in 2015.

On the fiscal side, € 41 million will be budgeted each year in payment methods to allow funding of research projects as part of the clusters policy. Another € 15 million will be added in 2017 and € 15 million in 2018. In addition, € 4million will be budgeted each year to fund training cluster policy projects, as well as a yearly € 4 million for the international component. This will also be strengthened in 2017 and 2018, each time up to € 11 million.

Finally, we can mention the creation in February 2015, on private initiative, of an **investment fund dedicated to chemistry and life sciences**. It has a budget of € 13 million, to which public funds have contributed.

Circular economy

Wallonia has decided to strengthen its position in the field of **circular economy** by developing a coherent set of actions, ranging from awareness, expertise and project support. These are carried out firstly through the NEXT project established within B.E.Fin (SRIW) and, secondly, through the "circular economy" cell established within the AEI, together with its partner operators. The circular economy mission of AEI aims, together with NEXT, at setting up a structuring support system for Walloon VSEs and SMEs in their circular economy projects. The circular economy fund will provide financial assistance to Walloon SMEs wishing to enroll in a logic of circular economy. The priority for 2014 was the introduction of the support system. The circular economy scholarships are expected to emerge in 2015. These devices will be launched with the support of ERDF, and will be a priority of the Marshall Plan 4.0.

Meanwhile, the "Short Circuits" reference center, also within the AEI, makes it possible to capitalize on existing initiatives to create a framework enhancing the **development of short circuits** in Wallonia, in food and non-food areas. This reference center supports the management structures and bases its work on the different actions through four partner institutions (UCM, Inter-Environnement Wallonie, SAW-B and DiversiFerm). In short food circuits, for which Wallonia has for many years had its policy, the funds for the unique DiversiFerm office were increased to enable it to meet an increasing number of applications.

Calls dedicated to the construction sector were also launched in 2014. On the one hand, a **call for sustainable materials projects under the Employment-Environment Alliance** (May 2014), with an indicative budget of € 1,2 million. This is to support the emergence of new sectors of production/distribution of sustainable materials in Wallonia through partnerships between material producers and distributors and construction contractors. On the other hand, a call for recycling projects of construction materials was launched in November 2014, for the development of value chains of materials from (de)construction sites in Wallonia. A total budget of € 200,000 will support Walloon companies in this project. The Walloon Construction Confederation (CCW) and the GreenWin Competitiveness Cluster ensure the operational management of the call.

The Walloon Government has also provided a funding of € 2.5 million to the **VERDIR project** (Valuation of Environment for Sustainable Rehabilitation and responsible Innovation) through Be.fin in April 2014. This is an interdisciplinary and integrative global project to contribute to social, cultural and economic deployment. It is based on a new industrial concept of ownership of industrial zones, which combines high added value urban agriculture



practices and biomass production and the creation of new business models based on the circular economy, or at least the systemic economy, short circuits, co-intelligence and co-working processes and social innovation, a source of social economy.

Finally, note that as part of its activities regarding **bio-based economy**, the GreenWin cluster, in collaboration with ValBiom, became a full member of the BIC consortium (Bio-based Industries Consortium), bringing together European bio-based industry. The cluster represents the Walloon SMEs; 10 SMEs have commissioned it to date. The goal for 2015-2016 is that Walloon SMEs, research centers and universities join European PPP BBI projects. Projects approved by GreenWin in biosourced chemistry will be monitored and help will be provided for the valorisation of results.

4.2. SME policy

The Government is committed to continue and accelerate the implementation of all the European **Small Business Act** (SBA) recommendations to help SMEs and support business creation and growth, which was a request of the social partners.

During 2014, three years after its launch, the Walloon SBA obtained recognition of European institutions, including publication of the Guidebook "Regional Implementation of the SBA," describing the Walloon mechanism as a unique model in Europe. It is thus presented at the Open Days and at the European Parliament at the request of the Assembly of European Regions.

To illustrate the new impetus needed in the coming years, the Walloon SME envoy in his 2014 annual report traced the results of the first three years, and the way forward. This shows that Wallonia is implementing 100% of the European SBA's recommendations, including 35% partially. Some progress has been made in areas such as administrative simplification, female entrepreneurship, public procurement, support for young entrepreneurs, incentives for export, the evolution towards more efficient SMEs in the use of resources ...

The **Walloon SBA 2015-2019** focuses on the growth of SMEs, by pressing 4 priority areas - entrepreneurship, finance, innovation, and internationalization - including a transverse axis dedicated to administrative simplification (see Section 4.3.). Moreover, for Walloon SMEs to exploit the opportunities offered by new markets related to the creative, the digital and circular economy, these thematic priorities will be at the heart of the SBA actions.

As part of the Marshall Plan 4.0, the Government intends to focus on supporting the creation and development of **innovative companies** and spin-offs, including through the diversification of their funding, their managerial support... A sensing device for business with high growth potential will be launched and specific aids to innovative companies will be improved. Streamlining business and innovation support providers through the new **Agency for Enterprise and Innovation (AEI)** will be at the core of these priorities (see Section 2.5).

In March 2015, the Government also adopted its draft **reform of investment aid for SMEs, as well as export aid**. The focus here lies on business growth, enhancing aid effectiveness, and simplification. Regarding aid to SMEs, aid selectivity was strengthened especially regarding job creation, as well as their link with the objectives of innovation, export, re-industrialization, job and ecosystem creation pursued by the Government. Conventional regional aid (€ 80 million/year) will be complemented by support from the ERDF (€ 40 million/year). Regarding export, their number is drastically reduced from 15 to 5 aid



categories focusing on expertise, mobility, participation in fairs and exhibitions, communication and implementation outside the EU. The award procedure is also simplified, payment periods reduced, and special attention is paid to starters via an increased intervention rate.

The support for entrepreneurship and entrepreneurial dynamics, including in connection with teaching will be continued. Regarding the **ESF 2014-2020**, programmes aimed at supporting entrepreneurship were retained, including continued training for teachers and support for pilot projects for entrepreneurship schools.

The efforts in terms of easy **access to financing for businesses** will also be pursued, ensuring consistency of supply (invests, guarantees, loans, micro-credits, mobilizing private savings, venture capital, setting investor relations, ...). The resources developed in the form of financial instruments (venture capital, loans and guarantees for SMEs, spin-offs and spin-outs, support for innovation, support for energy efficiency) will be supported by the ERDF. Moreover, in the field of cultural and creative economy, the RPD 2014-2020 plans to expand the skills of St'art Fund and to promote new sources of funding such as crowdfunding.

Since 1 July 2014, the SOWALFIN Group is the only institution to finance the self-employed, VSEs and SMEs in Wallonia after the **regionalization of the Participation Fund**. This has the effect of increasing its action volume for loans and guarantees.

Early 2015, the Euroquity financing platform was launched in Wallonia (in partnership with SOWALFIN in Wallonia, the BPI in France and KfW in Germany). Its purpose is twofold: to raise entrepreneurs' awareness about the importance of diversifying forms of funding within their SMEs, in particular for the opening of their capital to third parties in order to have adequate capital requirements in their growth plans, and bring together investors (individuals, private funds/public, institutional, ...) and entrepreneurs seeking capital.

The "Affaires à suivre" platform, which aims to facilitate business transfer for small traders, hospitality actors, artisans, liberal professions, business owners of small companies whose turnover is less € 500,000, was launched in December 2014. It was launched in partnership with the UCM and IFAPME and completes the action of SOWACCESS (a subsidiary of SOWALFIN dedicated to business transfers).

A revitalization plan for Walloon exports will also be implemented to increase the volume, frequency and value of our exports, both in Europe and in the world, with particular attention to high-growth countries. Prospecting actions will be targeted on niches and promising Walloon sectors, in connection with the competitiveness clusters (25% of actions will be conducted together with the clusters). It is also planned to develop an international development strategy of the clusters by encouraging international partnerships and enhancing the bond between clusters and AWEX.

Geographically, AWEX plans to intensify action for overseas export outside the usual European commercial spheres in 2015; apart from BRICS (South Africa will be the target market), actions are planned in other economies with high growth potential (Malaysia, Argentina, Turkey, ...). Note that 35% of the actions planned for 2015 will be conducted together with other regional agencies for foreign trade (Flanders Investment and Trade, Brussels Invest and Export).

4.3. Administrative simplification

As mentioned in the introduction, administrative simplification is at the heart of the strategy of the Walloon Government. Thus, the 2014-2019 RPD plans to create **an administrative simplification shock** for businesses, in particular through the implementation of the Walloon SBA (see previous Section). It is foreseen to extend the principle of trust, promote electronic exchanges between administrations, develop authentic sources and develop open data, implement a single web counter, improve traceability records, develop a "SME compatible" test and a "SME portfolio" (electronic portfolio to obtain subsidies in various fields for which specific aid thresholds are planned), and ensuring consultation with economic and social partners upstream of the legislative process, to cut formalities associated with land development projects, ...

Several reforms undertaken by the Government, and detailed in the previous Sections, already carry out this commitment (cf. reform of various types of aid, implementation of the AEI, permit for the commercial establishment, ...).

On public procurement, the use of the most advantageous offer will be extended, to integrate criteria other than price alone. Efforts will be pursued to facilitate access for SMEs.

Among the latest breakthroughs is the **dematerialization of the environment permit class 3** since January 2015. The citizen or company that wants to introduce his/her class 3 declaration (for projects with a low environmental impact) can do so electronically and paperless from his municipality.

Payment delays have also been reduced. Payments by special accountant were on average carried out in 20.5 days in the first 3 quarters of 2014 (against 25 days in the same period in 2013, 36 in 2012 and 55 in 2010) and the terms of payment of bills by prescription decreased to 36.7 days for the first 3 quarters of 2014 (against 44 days in the same period in 2013, 65 in 2012 and 148 in 2010). The payment of subsidies is now done in 33 days on average, against 73 in 2012.

4.4. Structural and Investment Fund

For the 2014-2020 programming period, 4 Walloon provinces are eligible as transition regions, Walloon Brabant being in the category of the most developed regions. The provinces of Liège and Hainaut and the Brussels Region also benefit from the Youth employment initiative, which is implemented in the ESF program. It is jointly developed by Wallonia and the Federation Wallonia-Brussels.

The European Commission approved the ERDF and ESF programmes late 2014, allowing them to start in 2015. Following the call for proposals which was launched in March 2014, the Walloon Government and the Federation Wallonia-Brussels in February 2015 approved 380 ESF projects for a budget of € 374.5 million. The analysis of ERDF projects is underway, and approval will take place in May 2015. Note that in order to objectify the selection of projects, Governments rely on the expertise of an independent Task Force.

To maximize the leverage and avoid dilution of limited resources, a thematic and spatial concentration is required by capitalizing on the portfolio concept and increasing synergies between partners.



The thematic priorities are closely coordinated with the objectives of the Europe 2020 Strategy and complement the regional strategy developed in this context, particularly in connection with the recommendations made by the Council. The contribution of the Funds was pointed throughout the previous Sections.

Regarding the ERDF, this will include supporting the competitiveness of the economy and particularly of SMEs, R&D and innovation, according to the Regional smart specialization strategy, renewable energy development and efficiency in the use of resources, but also the development of training facilities. The priorities developed in the framework of the ESF include lifelong training and integration into the labour market, especially for young and vulnerable people, entrepreneurship, social inclusion and the fight against discrimination, the fight against dropping out.

Geographic targeting will favour urban areas marked by industrial decline and most affected by social exclusion and the deterioration of the urban environment as well as cross-border urban areas.