



**Expert evaluation network  
delivering policy analysis on the  
performance of Cohesion policy 2007-2013  
Year 3 – 2013**

**Task 2: Country Report on Achievements of  
Cohesion policy**

**Belgium**

**Version: Final**

**Lydia Greunz**

**Applica**

**A report to the European Commission  
Directorate-General Regional Policy**

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## List of abbreviations

- AIR           Annual Implementation Report
- CBC           Cross Border Cooperation Programmes
- CEP           Competitiveness and Employment Programme
- CP            Competitiveness Programme
- FEI           Financial Engineering Instrument
- MA           Managing Authority
- OP           Operational Programme
- PIZ           Priority Intervention Zone

## Executive summary

After two years of economic recovery in 2010 and 2011, the economy again went into recession in 2012 and GDP declined by 0.2% on average and by marginally more the Flemish region and in Brussels (0.3% in both). Since the crisis in 2008, there has been an increase in public debt of over two percentage points each year so that in 2012 it reached 100% of GDP.

The main priorities in both, the Convergence Programme (CP) in Hainaut and the Competitiveness and Employment Programmes (CEPs) in the Walloon<sup>1</sup>, the Flemish and the Brussels Capital regions are to promote the “Enterprise Environment and RDTI” and to support “Territorial Development”. Over 80% of funding is allocated to these policy areas and there has been no change in this share since the programmes were implemented in 2007 although a series of reallocations of funding were undertaken but mainly between initiatives addressing the same broad policy area. Due to the crisis, demand for investment grants by companies in the Walloon region fell short for the third consecutive year so that in 2012 the main part of the non-used money was shifted towards Financial Engineering Funds where it is hoped to better each the companies in need of finance. The shift also enabled the n+2 rule to be complied with.

In the course of 2012 policy implementation of Belgian programmes accelerated slightly on average as measured by certified eligible expenditure in relation to the funding available and stood at 53% at the end of 2012. In Hainaut, the progress made in 2012 and the reduction in 2011 of the funding available due to increased EU co-financing led to a convergence in the implementation rate with the Flemish region which had the highest implementation rate in the previous years. In both programmes over 60% of the funding was spent by the end of 2012. In the Walloon region, the implementation rate at end-2012 was 41% but if it is adjusted for the capital transfers into Financial Engineering Instruments (FEIs) which have not reached final beneficiaries it drops to 34%. It was only slightly higher in the Brussels region where just 40% of the funding available was spent. For the first time in 2012 the n+2 rule could not be respected causing the region a loss of EU funding. The preponderance of infrastructure projects is argued to be the main reason for delay. Most were still in preparation at end-2012 or where waiting for planning permission to be granted.

Overall, the measures carried out up to the end of 2012 have supported 1,896 business start-ups (1,117 by end-2011; final target: 2,552) and are estimated to have led to the direct creation of 7,446 jobs in Hainaut, the Walloon region and in Brussels (3,989 by end-2011 final target: 12,274) and to 1,495 direct jobs in the Flemish region.

Three evaluations have been carried out since the 2012 report was produced. All were on the CEP of the Walloon region and the CEP of Hainaut and were announced as upcoming in last year’s report: (1) Evaluation of advanced support services to companies and (potential) entrepreneurs, (2) Evaluation of support for RTDI, innovation and technology acquisition and (3) Evaluation of project portfolios supporting urban development poles. Several recommendations were made which deserve consideration in the preparation of the 2014-2020 programmes. Overall however, there is no evaluation looking at the effects of Cohesion policy

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<sup>1</sup> If not indicated otherwise, here and in the remaining part of the document, reference to the Walloon programme means the CEP of the Walloon region excluding Hainaut.

intervention in Belgium as a whole in terms of reducing regional disparities or of increasing economic, social and territorial cohesion - maybe because this is not a matter of concern given the institutional setup of the country.

## 1. The socio-economic context

Main points from previous country reports<sup>2</sup>

- Although Belgium is a small and relatively wealthy country with 11 million inhabitants and GDP per head 19% above the EU-27 average, there is a clear North-South divide not only as regards language and culture but also in respect of the main economic indicators. GDP per head of the Flemish region in the North is roughly a third higher than of the Walloon region in the South which in a large measure reflects the situation in Hainaut.
- Brussels' GDP per inhabitant is much higher than in either region and nearly twice as high as the national average. However, this is in many ways artificial as many of those who work in Brussels live in the Flemish or in the Walloon region – they push up GDP in Brussels substantially but are not counted among the inhabitants.
- The main socio-economic imbalances in the country continued to increase over the previous programming period with Hainaut falling further behind the national average in terms of the main economic indicators.
- Although the Belgian economy was strongly affected by the financial and economic crisis, the impact was less severe than in many other Member States and recovery has been quicker especially in 2010.
- Because manufacturing was more affected by the recession than services, GDP in both the Flemish region and Wallonia declined by more in 2009 than in Brussels. In 2010 growth resumed in all three Belgian regions but not in the same way because of their structural differences. The Flemish and Walloon regions benefited most from recovery in external demand for manufacturing goods and recorded growth rates of respectively 2.3% and 3.2% in 2010 and of 1.9% and 2% in 2011 while in Brussels growth was just over 1% in both years.
- In order to limit excessive public deficits, and in accordance with the government's undertaking under the stability programme, each region has established its own policy for fiscal consolidation. In 2011, the deficit was brought down to 3.7% of GDP (from 5.6% in 2009).

### Developments since the 2012 report

After two years of economic recovery in 2010 and 2011, differentiated by region and largest in Wallonia, the economy went again into recession in 2012 and no Belgian region was saved from the slow-down in global activity. Real GDP declined by 0.2% on average in Belgium but the decline was slightly larger in the Flemish region and in Brussels (-0.3% in each) while in the Walloon region it increased marginally (+0.1%). According to the Belgian Institute of National Accounts (ICN) (2012), growth in 2012 in Brussels was again hampered by the poor performance of the "credit and insurance" sector which accounts for nearly a fifth of the value-added of the region but also by the slowdown in wholesale and retail trade, hotels and

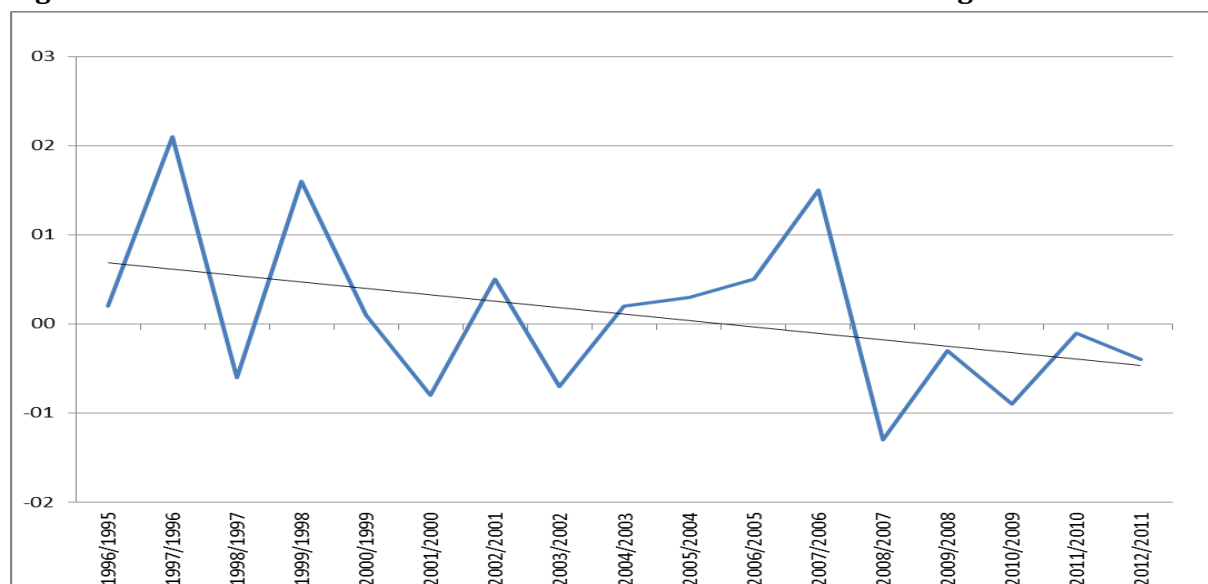
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<sup>2</sup> Available at the DG Regional Policy website:

[http://ec.europa.eu/regional\\_policy/information/evaluations/index\\_en.cfm#1](http://ec.europa.eu/regional_policy/information/evaluations/index_en.cfm#1); Belgium reports 2010, 2011.

restaurants. The reduction in manufacturing production resulting from the decline in external demand for manufacturing goods were the main reasons for the poor growth performance in 2012 of the Walloon and the Flemish region.

**Figure 1 – Growth differential between the Flemish and the Walloon region – 1996-2012**



Source: own calculations based on BFP, IBSA, IWEPS, SVR Version June 2013 (For the list of abbreviations, see footnote no. 3).

Note: Growth differential = Growth in GDP of Flemish region minus Growth in GDP of Walloon region.

Overall, in the longer run, the growth differential between the North and the South of the country has tended to diminish over time as shown by Figure 1 (which represents the difference in GDP growth rates of the Flemish region and the Walloon region). Given the more favourable development of the economy in the South in the recent past compared to the North, there has been some convergence in terms of GDP per head in the current programming period - though to a very modest extent. Whether and to what extent policy in general and Cohesion policy in particular has contributed to this is difficult to determine. In any case the trend is predicted not to last and the positive growth differential of the Walloon economy is projected to disappear in 2014<sup>3</sup>. The observed convergence in the few last years is therefore likely to have resulted from regionally differentiated reactions to the recession rather than from a reduction in structural differences.

While up to end-2011 employment in Belgium proved relatively resilient to the economic crisis, job creation stagnated in 2012. Overall, the unemployment rate increased from 7.1% in 2011 to 7.5% in 2012. At regional level, the increase in unemployment was most significant in Brussels and in the Walloon region where the rate increased by 0.5 percentage points (from 16.9% to 17.4% in Brussels and from 9.5% to 10% in the Walloon region) though there was also a small increase in the Flemish region (from 4.3% in 2010 to 4.5% in 2011).

<sup>3</sup> Source: Bureau Fédéral du Plan(BFP), Institut Bruxellois de Statistique et d'Analyse (IBSA), Studiedienst van de Vlaamse Regering (SVR), Institut Wallon de l'Evaluation, de la Prospective et de la Statistique (IWEPS), Perspectives Economique régionales 2013-2018, July 2013.

Since 2008, accumulated public debt has risen, reaching around 100% of GDP in 2012. This deterioration in public finances is largely due to the effect of the crisis on government revenues, temporary stimulus measures and rescue operations in the financial sector. The high debt level makes Belgium vulnerable to tensions in financial markets that could reinforce the downward pressure on economic activity.

Since 2010, all Belgian regions have implemented fiscal consolidation measures which have slowed down the increase in public deficit, especially in 2012. Also in 2012 structural reforms in the pension system, the unemployment benefit system and product markets were undertaken. However, the fiscal effort was not sufficient to comply with Council recommendation of bringing the deficit down to 3% by 2012. It was in part offset by the recapitalisation of the banking group Dexia, which had a negative impact of 0.8% of GDP and the worse than expected economic developments in 2012. All in all, the public deficit increased from 3.7% of GDP in 2011 to 3.9% in 2012.

## **2. The regional development policy pursued, the EU contribution to this and policy achievements over the period**

### **The regional development policy pursued**

Main points from previous country report:

- Cohesion policy in Belgium is aimed at contributing to the objectives and priorities pursued by the region's own development plans, designed and implemented in a completely decentralised way. In the Brussels region the purpose is to support the development of the seven most deprived communes of the city. In Hainaut and in the Walloon region the goal is to expand and diversify the economic base and to stimulate the development of poles of competitiveness and in the Flemish region it is to make the area one of the most competitive in Europe.
- Support to enterprises is the most important area of intervention in all Belgian regions accounting for between 51% of funding in the Flemish region and 62% in Hainaut. In Hainaut, the Walloon region and Brussels the largest shares of funding go to "Other investment in firms" (36% in Hainaut, 25% in Wallonia and 20% in Brussels) and to "RTDI and linked activities" (27% in Brussels, 23% in Wallonia and 15% in Hainaut). In the Flemish region, enterprise support is mainly directed towards measures aimed at enhancing innovation in SMEs (32% of funding) and RTDI activities (15%). The regeneration of old industrial and/or urban areas is equally an important objective in all Belgian regions with allocations varying from 12% in Hainaut to 22% in the Flemish region.
- There have been a number of shifts of funding in the OPs since the programming period began but exclusively between initiatives addressing the same broad policy area which did not modify the nature of the programmes. The only exception was the reallocation of funding of around 7% of the total ERDF in the Flemish CEP from the priority axis "Entrepreneurship", with very low financial absorption, to the priority "Business environment and spatial planning" where it was used to build and improve infrastructure and increase the energy efficiency of social housing.

## Developments since the 2012 report

In the course of 2012 a series of reallocations of funding were made. These range from shifts of money freed up by projects which were aborted by Government decision (e.g. project “Atelier SNCB” in Bertrix and “Le Levant” in Liège of the Walloon CEP, several cleaning up projects of old industrial land, etc.) or which in the end were less costly than initially planned, to reallocations of funding because of no or not enough demand. A number of reallocations were also made following the recommendations of evaluations. This was for instance the reason for revising in 2012 the allocation of funding to different kinds of advanced support services to companies and entrepreneurs in the Hainaut CP and the Walloon CEP<sup>4</sup> so to make the overall service framework more effective. There is no information available in the 2012 Annual Implementation Reports (AIRs) on the amount of money involved in these shifts but it is unlikely to have been very large.

The AIRs of the Walloon CEP and the Hainaut CP emphasise that the changes were carried out in a way which respected the “EU earmarking constraint” and to accelerate the implementation of the programmes, in particular of four delayed project-portfolios in the Walloon programme<sup>5</sup> and five in the Hainaut programme<sup>6</sup> all were aimed at supporting balanced and sustainable territorial development (priority 3 of the OPs).

It should be noted that by the end of 2012 EUR 20 million of ERDF were transferred from the available funding for investment grants in the Walloon programme towards FEIs. According to the Managing Authority (MA), the reason for the transfer was essentially the low demand for grants by companies<sup>7</sup>. For the third consecutive years it was far below plans in 2012. The global recession deterring investment decisions of companies is seen as the main factor but also the “modest” aid rates in comparison to those offered in other parts of the region (e.g. Hainaut)<sup>8</sup>. The legal requirement for ERDF co-financed investment grants to be allocated to companies in specific areas - the so called development zones - has further curbed potential demand. Since the national regulation requires all investment decisions to be taken before end-2013 a main part of the money not used was shifted into ERDF co-financed FEIs where it is hoped to better reach the companies in need of finance. While these arguments are sensible, it should be noted that a significant share of the capital in the Financial Engineering Funds had not yet been paid to

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<sup>4</sup> SEE, Comase (2011), Evaluation des résultats des actions co-financées par le FEDER 2007-2013 en matière de stimulation de l'entrepreneuriat, de la création, de développement et de transmission d'entreprises dans le cadre des programmes opérationnels « Convergence » et « Compétitivité régionale et emploi » - Part 1, Evaluation carried out for the Public Service of the Walloon region, DG de l'Animation et de l'Evaluation des Programmes du Département de la Coordination des Fonds structurels.

<sup>5</sup> These are in Liège 1) the renovation of the area around the TGV station; 2) the improvement of the urban cultural attractiveness; 3) the multimodal platform Tiligiport and 4) the urban requalification of Seraing.

<sup>6</sup> These are 1) “Phenix” - a mobility project in the centre of Charleroi; 2) ECOPOLE aimed at creating an activity pole on sustainable development; 3) La Louvière - several urbanisation projects 4) Tournai - revitalisation of the centre; 5) MONS development pole - several projects.

<sup>7</sup> Although precise figures are not mentioned in the AIR, it can be estimated that just over a fifth the ERDF allocation to investment grants (EUR 39.5 million) had been disbursed to companies by end 2012.

<sup>8</sup> The maximum aid rate is 15% of the investment cost of big companies (30% in Hainaut), 25% for SMEs (40% in Hainaut) and 35% for very small companies (50% in Hainaut).



beneficiaries<sup>9</sup>. It should also be noted that the shift enabled n+2 rule to be complied with which otherwise would not have been possible.

As already said above, with the exception of the capital transfer in the Walloon CEP, the amounts reallocated are likely to be relatively modest. In any case, the data in the AIRs and the official data of DG Regional Policy suggest that none of the shifts which occurred in 2012 modified the nature of the programmes. The breakdown of funding of the OPs by broad policy area, therefore, is the same as set out in last year's report and in the 2011 report and is not discussed here in detail (Annex Table A – Allocation of ERDF by policy area – end 2012).

As in 2011, there was no shift in 2012 of the ERDF allocation towards new measures aimed at alleviating the difficulties SMEs might face in obtaining finance because of the credit squeeze. As emphasised in last year's report, support in the form of refundable finance and direct grants to companies, SMEs in particular, are major policy instruments in Belgium and this is equally reflected in the large allocation of the ERDF to these in the CP and the CEPs. No other Member State is using the ERDF as extensively as Belgium to co-finance investment grants and FEIs - nearly 25% of the total ERDF available<sup>10</sup> goes to these (as against an average of 7.7% in the EU15)<sup>11</sup>. The strong focus on financial support for enterprises does not mean however that all the market failure is corrected, so that SMEs are able to find the finance they need. The unused funding available for investment grants at end-2012 in the Walloon region demonstrates in addition that the challenge for policy is not just one of making money available to companies, it is also one of activating the most appropriate form of support to companies in need of finance.

## Policy implementation

Main points from previous country report:

- The main feature in 2011 was the so called increase in the EU co-financing rate for the Hainaut programme resulting in the cutting back by over 50% of national funding and by one third of the total funding. This artificially introduced a “jump” in the implementation rate of the programme.
- At end-2011, programme implementation<sup>12</sup> amounted, on average, to 36% of the total funding available. It was above average in the Flemish region (46%) and - due to the cutback in funding - also in Hainaut (43%). It was below in the Walloon region (24%) and in Brussels (26%). The implementation rate was 42% and 36%, respectively, for the Cross-Border Cooperation (CBC) programmes Vlaanderen-Nederland and France-Wallonie-Vlaanderen.

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<sup>9</sup> By end-2012 around 51% of the initial amount of funding available for ERDF co-financed FEIs in the Walloon region were paid to final beneficiaries and a further 31% were committed to projects. In Hainaut a slightly higher share of funding available had been used by end-2012.

<sup>10</sup> There are however significant differences between the programmes: 36% of the ERDF is allocated to investment grants and FEIs in the Hainaut CP, 25% in the Walloon CEP, 20% in the Brussels CEP and only 2% in the Flemish CEP (see annex Table A where investment grants and FEIs are covered by “other investment in firms” of broad policy area Enterprise environment).

<sup>11</sup> See Synthesis of national reports 2011, Expert evaluation network delivering policy analysis on the performance of Cohesion policy 2007-2013, February 2012 available at [http://ec.europa.eu/regional\\_policy/information/evaluations/index\\_en.cfm#1](http://ec.europa.eu/regional_policy/information/evaluations/index_en.cfm#1)

<sup>12</sup> Measured by the implementation rate which is defined as the amount of certified eligible expenditure paid by beneficiaries in relation to total allocation (national and ERDF).

- As in 2010, the pace of programme implementation in 2011 was fastest in the Flemish region and was slowest in the Walloon region and in Hainaut. Despite the acceleration during 2011 in executing the Brussels programme there was no significant catching up and the delay increased.

### Developments since the 2012 report

Measured in terms of certified eligible expenditure in relation to the total funding available a “reversal” seem to have taken place in the pace of implementation during 2012. The data suggests indeed that progress in 2012 was fastest in the Walloon region and in Hainaut and slower than in previous years in the Flemish region. In Brussels it was more or less the same as in 2011 (See Table 1). This however needs to be interpreted carefully as shown here below.

**Table 1 – Certified eligible expenditure and implementation rates**

	Expenditure				Implementation rate				Increase in Implem. rate		
	EUR million				Expenditure in % of Allocation				diff. percentage points		
	2009	2010	2011	2012	2009	2010	2011 (adj.)	2012	2010-2009	2011-2010	2012-2011
P1: Job and business creation	151.0	159.4	186.5	213.2	39	41	64 (48)	73	2	22 (7)	9
P2: Human capital, know ledge, know -how and research	40.4	55.8	89.0	131.1	17	23	55 (37)	81	6	32 (14)	26
P3: Balanced and sustainable territorial development	3.6	18.8	44.3	121.6	1	4	15 (10)	42	4	11 (6)	27
Technical assistance	0.0	0.6	1.5	1.5	0	5	18 (12)	18	5	13 (7)	0
<b>Hainaut</b>	<b>195.1</b>	<b>234.6</b>	<b>321.3</b>	<b>467.3</b>	<b>18</b>	<b>22</b>	<b>43 (30)</b>	<b>62</b>	<b>4</b>	<b>21 (8)</b>	<b>20</b>
P1: Job and business creation	79.9	83.0	89.3	146.3	36	37	40	66 ((43))	1	3	26 ((3))
P2: Human capital, know ledge, know -how and research	15.3	26.4	49.1	82.5	9	15	28	46	6	13	19
P3: Balanced and sustainable territorial development	3.8	10.3	35.5	67.9	1	3	11	22	2	8	10
Technical assistance	0.0	0.5	1.2	1.2	0	7	16	16	7	8	0
<b>Walloon region</b>	<b>99.0</b>	<b>120.2</b>	<b>175.1</b>	<b>297.9</b>	<b>14</b>	<b>17</b>	<b>24</b>	<b>41 ((34))</b>	<b>3</b>	<b>8</b>	<b>17 ((10))</b>
P1: Support for territorial competitiveness	5.8	9.4	19.2	23.1	8	13	27	32	5	14	5
P2: Strengthening territorial cohesion	1.5	2.2	9.3	20.1	3.8	5.8	24	52	2	18	28
Technical assistance	0.6	1.0	1.6	3.0	13	21	34	65	8	14	30
<b>Brussels region</b>	<b>7.8</b>	<b>12.6</b>	<b>30.0</b>	<b>46.1</b>	<b>7</b>	<b>11</b>	<b>26</b>	<b>40</b>	<b>4</b>	<b>15</b>	<b>14</b>
P1: Know ledge economy and Innovation	6.7	27.5	49.8	70.3	6	23	41	58	17	18	17
P2: Entrepreneurship	1.3	10.9	22.9	42.1	2	13	28	51	12	14	23
P3: Improving the basis for economic structuring and spat	14.2	61.5	105.9	127.9	9	39	67	81	30	28	14
P4: Urban development	10.0	28.1	43.7	55.6	8	23	36	46	15	13	10
Technical assistance	1.6	3.5	5.3	6.7	10	22	33	41	12	11	8
<b>Flemish region</b>	<b>33.7</b>	<b>131.5</b>	<b>227.6</b>	<b>302.6</b>	<b>7</b>	<b>26</b>	<b>46</b>	<b>61</b>	<b>20</b>	<b>19</b>	<b>15</b>
P1: Economy	12.4	17.4	48.9	65.6	13	18	52	69	5	33	18
P2: Environment	3.4	7.4	18.0	29.4	7	16	40	64	9	23	24
P3: People	1.9	3.2	10.3	22.2	5	9	27	59	4	19	32
Technical assistance	1.2	1.2	3.3	4.5	10	10	29	39	0	18	11
<b>CBC-Vlaanderen-Nederland</b>	<b>18.8</b>	<b>29.2</b>	<b>80.5</b>	<b>121.7</b>	<b>10</b>	<b>15</b>	<b>42</b>	<b>64</b>	<b>6</b>	<b>27</b>	<b>22</b>
P1: Economic development	4.9	16.1	30.3	44.5	6	21	39	57	14	18	18
P2: Territorial identity	7.1	18.2	30.1	48.2	9	24	40	64	15	16	24
P3: Accessibility and development of services	1.4	4.0	7.7	11.3	5	14	27	39	9	13	12
P4: Sustainable development	2.2	10.2	17.4	24.9	4	20	34	49	16	14	15
Technical assistance	0.9	2.1	4.0	6.0	6	14	27	40	8	13	13
<b>CBC-France-Wallonie-Vlaanderen</b>	<b>16.5</b>	<b>50.7</b>	<b>89.5</b>	<b>134.9</b>	<b>7</b>	<b>20</b>	<b>36</b>	<b>54</b>	<b>14</b>	<b>16</b>	<b>18</b>
<b>Total Belgium (CBC excluded)</b>	<b>335.6</b>	<b>498.9</b>	<b>754.0</b>	<b>1113.9</b>	<b>14</b>	<b>21</b>	<b>36 (31)</b>	<b>53</b>	<b>7</b>	<b>15 (11)</b>	<b>17</b>

Source: own calculations based on DG Regional Policy data.

Note: figures in simple brackets ( ): adjusted values taking account of the cut-back in national public co-funding for the CP Hainaut in 2011; figures in double brackets (( )): adjusted values taking account of the capital transfer towards FELs in the Walloon programme not corresponding to any actual payment to beneficiaries.

In Hainaut the implementation rate increased by 19 percentage points (from 43% to 62%) between end-2011 and end-2012. Unlike the progress in 2011 which was artificial because it resulted from the increase in the EU co-financing rate, the progress in 2012 was due to an actual

acceleration in the expenditure particularly in priority three aimed at supporting balanced and sustainable territorial development.

The story is somewhat different for the Walloon CEP. The data suggest an increase in the implementation rate of 17 percentage points from 24% at end-2011 to 41% at end-2012. The progress seemed to have been “driven” by support to job and business creation under priority one where the certified eligible expenditure in relation to total allocation rose from 40% at end-2011 to 66% at end-2012 (see Table 1). In reality, however, this resulted almost exclusively from the capital transfer to FEIs mentioned in the previous section. It does not correspond to any actual expenditure “on the ground”. If expenditure is adjusted for this, a completely different picture emerges. The implementation rate of the Walloon programme at end-2012 (34%) was just 10 percentage points higher than one year before and was overall the lowest of all Belgian programmes.

In the Flemish region, progress in 2012 was less than in previous years. The expenditure in relation to the allocation increased by 15 percentage points between end-2011 and end-2012 bringing the overall implementation rate of the programme to 61%, just below the implementation rate of the Hainaut programme.

In the Brussels region, there was no acceleration in policy implementation. In the course of 2012 the implementation rate increased by 14 percentage points (15 percentage points in 2011) and stood at 40% at the end of 2012.

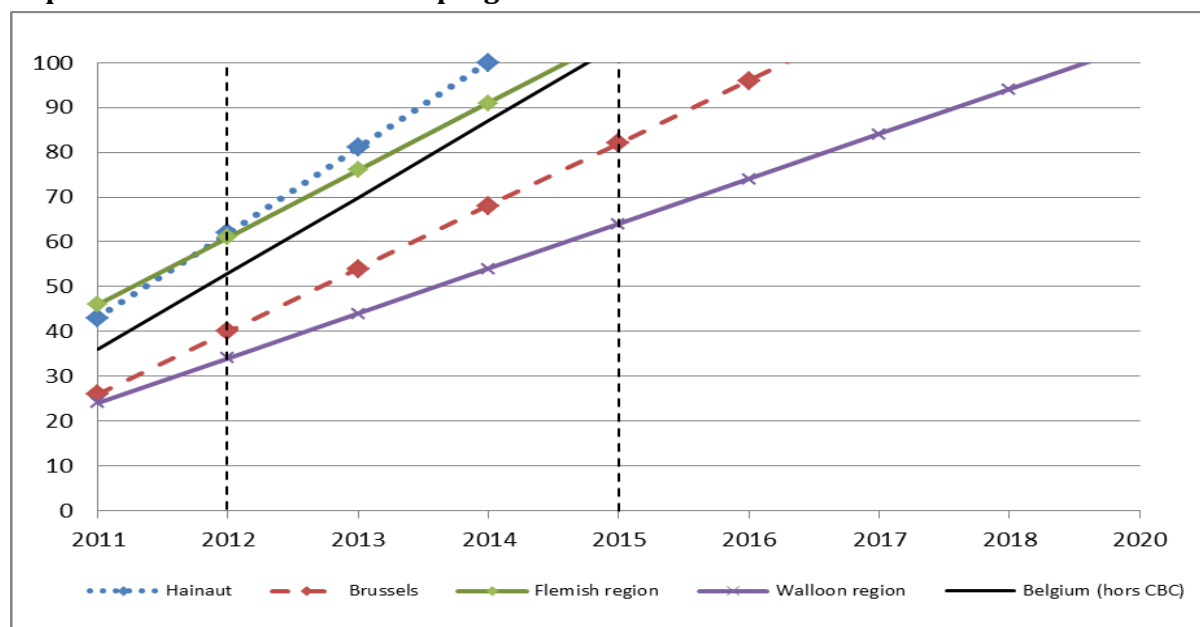
For the two CBC programmes managed by Belgian MAs, progress as suggested by expenditure data was again satisfactory and at end-2012 the implementation rate of the Vlaanderen-Nederland programme was 64% (42% at end-2011) and 54% of the France-Wallonie-Vlaanderen programme (36% at end-2012).

Overall therefore, policy implementation of Belgian programmes on average as measured by certified eligible expenditure in relation to the funding available slightly accelerated in 2012 and stood at 53% at the end of the same year. In Hainaut, the acceleration in 2012 and the reduction in 2011 of the funding available for the programme led to a convergence of the implementation rate with that of the Flemish programme (60%). Both are likely to be fully carried out before end-2015 if the pace of implementation of 2012 is maintained in the remaining years.

On the other hand, because the implementation rate of the Walloon and the Brussels programme were just 34% and 40%, respectively, of the funding available at end-2012 a same pace of policy implementation as in 2012 in the remaining years would mean that over 30% of the funding available for the Walloon programme and around 20% for the Brussels programme remained unspent at the end of 2015. Whether and to what extent this can be avoided will much depend on the capacity to accelerate the execution of the funding committed under the “Balanced and sustainable territorial development” priority of the Walloon programme and under the “Support for territorial competitiveness of the Brussels programme” priority. The MA of the Walloon programme continues to be confident (on paper – e.g. in the 2012AIRs) and expects much of the expenditure to occur at end of the programming period because of the nature of the projects which to a large extent concern infrastructure and regeneration. In practice however 2012 was marked by a number of projects being abandoned by Government decision (also see next section of the Achievements of the programmes) which casts doubts on

the capacity to accelerate the implementation of delayed projects (e.g. by finding a solution to the accessibility problem to polluted industrial land). Substantial shifts of funding toward “easier” projects are therefore likely to be the ultimate way of absorbing in the remaining years the money allocated.

**Figure 1 - Hypothetical timeframe of full programme implementation: projected implementation rates based on progress in 2012**



Source: own calculations based on DG Regional Policy data.

Note: The slope is indicative of the pace of programme implementation between end-2011 and end-2012. Adjusted implementation rate in 2012 for the Walloon programme accounting for the capital transfer towards FEIs not corresponding to any actual payment to beneficiaries.

The nature of the programme is equally argued to be the main reason for delay in the Brussels programme. Of the 34 projects that make up the programme, 27 are infrastructure projects (accounting for 77% of the funding) and 19 of these are on construction or renovation (52% of the funding). With a few exceptions most were still in preparation at end-2012 or were waiting planning agreement. Because of the delay, the n+2 rule could for the first time not be respected in 2012 causing a loss of EUR 0.7 million of EU funding. There is a risk that the rule will again not be met in 2013 and that a number of projects will fail the final deadline for eligibility at the end of the period. With the information available it is difficult to assess whether the “closer monitoring of projects and the research and analysis of solutions to problems encountered” mentioned in the AIRs as the main initiative undertaken to accelerate implementation is likely to be effective in speeding up the process. It is equally difficult to judge whether the administrative and preparation procedures for construction projects are more demanding and time consuming in the Brussels region than elsewhere in the country but if this were the case, it would question the rationality of making these “difficult-to-carry-out” projects the “backbone” of the programme.

## Achievements of the programmes so far

Main points from previous country report:

- Expenditure by end-2011 was on average just 36% of the total funding available. While achievements were therefore more significant than one year before, it was still early to see tangible outcomes from the projects in some policy areas because most were still to be completed.
- *Advanced support services to companies and entrepreneurs* have been fully operational since 2010 in both Hainaut and the rest of the Walloon region and this was reflected in the main indicators associated with the measure. There was also significant progress in the Flemish region in supporting entrepreneurship as many of the output and result indicators more than doubled in value as compared with the situation at end of 2010 and greatly exceeding the end-target in some cases. Over achievements in these are likely to be the result of targets not being set in a meaningful way.
- Progress in 2011 as regards *investment grants to companies* was, for the second consecutive year, very modest in both Hainaut and the rest of the Walloon region. The global recession was seen as the main factor affecting investment by companies. On the other hand, there was noticeable progress in implementing FEIs.
- In the policy area of *innovation and R&D*, support to research centres in particular led to several concrete technology developments and a number of patent applications in 2011. The number of research jobs created by end-2011 was in several programmes close to the final target.
- As at end-2010, there were not many tangible outcomes by end-2011 in the *territorial development* policy area as most of the projects supported by the programmes are aimed at developing infrastructure and places for business development, cleaning up old industrial land and regenerating urban areas and so require lengthy planning and preparation. But work had started in many.
- ERDF support for the development of *human resources* is very small in all Belgian programmes and mainly aims at modernising and/or newly equipping training and competence centres. The number of workers receiving training in these was progressing as planned.
- As indicated in previous reports, the AIRs contain virtually no qualitative information about programme outcomes. Instead, they concentrate to a large extent on reporting progress in terms of monitoring indicators and financial absorption<sup>13</sup>. The AIRs of the Flemish CEP in particular only provide information on the projects selected in the reporting year. Once a project has been approved it no longer appears in the AIRs for subsequent years. This makes it difficult to interpret the indicators available only at priority or programme level.

### Developments since the 2012 report

This section is intended to give an overview of the main achievements up to end-2012 and progress made in this respect since the account contained in last year's country report. As for

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<sup>13</sup> There is however variation in the informative quality of the AIRs in Belgium. As noted in last year's report, AIRs are more detailed for the CP Hainaut and the CEP of the Walloon region.

previous reports, the primary sources of information are the AIRs and a set of core-indicators compiled by DG Regional Policy as of July 2013.

## Enterprise environment

### *Advanced support services to companies and entrepreneurs*

ERDF co-financed support services to companies and entrepreneurs in Hainaut and in the rest of the Walloon region are implemented through a large number of initiatives and operators. Although the initiatives have been grouped into five categories (i.e. (1) "Information and awareness rising", (2) "Business creation and management", (3) "Differentiation and new activities", (4) "Development and investment" and (5) "Coordination and crosscutting actions"), further broken down into 14 sub-categories, it is difficult to get a clear picture of the precise content of the respective services and how and to what extent they complete each other. The observation that the whole system is too complex and dispersed is not new<sup>14</sup> and although there might have been progress towards simplification and concentration since the *Agence de Stimulation Economique* was created with the mission of coordinating the services, further simplification was recommended by a recent evaluation<sup>15</sup> (See section four: Evaluations and good practice in Evaluation).

The AIRs mirrors the "dispersed" nature of the interventions by presenting details on very specific actions on dozen of pages with virtually no informative value on the progress made towards achieving the objectives pursued by the service. From the very few data available that can be aggregated over the initiatives it can nevertheless be concluded that progress in the course of 2012 was again satisfactory. The service supported the start-up of 91 new businesses in Hainaut and 116 in the rest of the Walloon region, bringing the total number of start-ups assisted by the programmes to 642 (435 at end-2011). It also supported 1,323 companies in developing and diversifying their activities, and, accordingly, 3,810 since the beginning of the programming period. These companies together with the start-ups created 1,246 gross new jobs in Hainaut (1,085 end-2011) and 792 in the rest of the Walloon region (538 end 2011). It should be emphasised here that the ERDF co-financed services to companies are intended to complement the measures of the OPs providing financial support to companies (e.g. investment grants and FEIs) and business start-ups. For this reason part of the outcome of support services in terms of job creations and business start-ups also resulted from financial support to companies. While there is no double counting in the core indicators at programme level in this regard, there might be some overlap in the outcomes described here with those of other areas of intervention (e.g. investment grants and FEIs).

The main outcomes of the advice and services to entrepreneurship to facilitate the creation and growth of companies and promote their internationalisation implemented under the Flemish CEP at end 2012 were as follows:

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<sup>14</sup> Recommendations in this regard were already made by different evaluations in the previous programming period and even before. See for instance, November, 2003 Mid term evaluation of Phasing out Objective 1 – Hainaut, 2000-2006 [http://europe.wallonie.be/sites/default/files/obj1\\_evaluation\\_rapport.pdf](http://europe.wallonie.be/sites/default/files/obj1_evaluation_rapport.pdf)

<sup>15</sup> See, Comase (2012), Evaluation des résultats des actions co-financées par le FEDER 2007-2013 en matière de stimulation de l'entreprenariat, de la création, de développement et de transmission d'entreprises dans le cadre des programmes opérationnels « Convergence » et « Compétitivité régionale et emploi ».

- 265 people launched their own businesses (216 by end-2011; final target: 300),
- 1,790 companies received assistance to expand their activities (1,292 by end-2011; final target: 1,200),
- 490 companies were helped to develop their exports (479 by end-2011; final target: 400).

As already noted in previous reports, the AIR of the Flemish CEP does not provide any qualitative information on the projects supported but instead concentrates on listing the names of projects approved during the year and the funding allocated to these. Once a project has been approved it no longer appears in the AIRs for subsequent years and there is no means of linking these to the indicators. This makes it difficult if not impossible to interpret the values reported and to give substance to the progress made in implementing the priority. It needs to be noted however that the values reported in the 2012 AIR refer to actual outcomes of finalised projects and not any longer to the expected outcome of approved projects as in previous years. Because there was no retroactive adjustment, the indicators at end-2012 cannot directly be compared with those of previous years. There is no warning in this regard in the AIR.

#### *Investment grants and other financial support to companies*

As mentioned in previous sections progress in 2012 as regards investment grants to companies was, for the third consecutive year, very modest. Only one investment decision was taken in the Walloon region and 18 in Hainaut. Overall, the grants provided in 2012 helped to start up no more than one new business in Hainaut (4 in 2011) and one other in the rest of Wallonia (one in 2011 as well) and to expand 8 others in Hainaut (3 in 2011). This brought the total number of companies supported by end-2012 to 93 (84 in 2011) in Hainaut and to 16 (15 in 2011) in Wallonia. All in all, 55 investment projects were completed by end-2012 in Hainaut and 11 in the rest of the Walloon region which created an estimated 1,772 jobs in the former and 322 in the latter.

Since the national regulation requires all investment decisions to be taken before end-2013, the number of supported investment is likely not to change in any significant way in the remaining years. This means that around 75% of the end-target set in terms of the investment supported in Hainaut and just 18% in the rest of the Walloon region had been reached. At the end of 2012, EUR 20 million of the unused ERDF allocation to investment grants (around EUR 30 million ERDF in total) had therefore been sifted to Financial Engineering Funds where the money is hoped to better reach the companies in need of finance. As mentioned in last year's report, according to the MA the global recession is the main reason for the poor "success" of the measure. The modest aid rate in the Walloon region is also seen as a factor that might have discouraged companies to apply for grants and could explain why demand was much lower in the Walloon region than in Hainaut where the aid rate is higher. All in all, this form of support looks as increasingly unattractive or inappropriate to meet the needs of companies. It remains to be seen if this observation will be reflected in the programme in the next period.

Unlike investment grants, FEIs continued in 2012 to be relatively successful. Each year since the Funds have been put in place the number of supported companies has more than doubled. By end-2012, taking all FEIs together (risk capital, guarantees, micro credits and "mixed products"), they helped to start up 571 new businesses (258 at end-2011) and to expand another 671 (399 at end-2011) creating around 1,400 jobs and consolidating another 8,000.

The figures suggest that the number of companies assisted by FEIs was over ten times the number assisted by investment grants and that the two instruments supported roughly the same number of jobs at end-2012. The figures suggest in addition that FEIs were more cost efficient in terms of public money than investment grants although the information available is not sufficient to make a more detailed, meaningful estimate.

**Table 2 – Absorption of funding allocated to risk capital**

	Hainaut		Walloon region		
	EUR million	% funding available	EUR million	% funding available before capital increase	% funding available after capital increase
<b>approved interventions</b>					
2010	50.1	39.1	23.0	32.5	20.7
2011	78.9	61.7	38.1	53.7	34.3
2012	105.1	82.1	58.7	82.8	52.9
<b>paid out to beneficiaries</b>					
2010	24.6	19.2	12.2	17.3	11.0
2011	47.8	37.4	21.8	30.8	19.7
2012	71.1	55.6	36.1	50.9	32.6

Source: own calculations based on information in AIRs 2010, 2011, 2012.

As regards the pace of financial absorption of the funding available for risk capital, Table 2 summarises the situation. At end 2012, 56% of the provision for risk capital had reached companies in Hainaut (37% in 2011) and the share was 51% in the other parts Wallonia (31% in 2011) before capital transfer and 33% after. A further 27% and 20% respectively, had been committed to interventions in companies though not yet paid out. If therefore the pace of financial absorption continues in the remaining years of the programming period as it was since 2010, there is no risk of funding not being used. All the money paid into Financial Engineering Funds is likely to reach final beneficiaries.

In the Brussels region, FEIs (mainly the so called “BRUSOC” measure) supported an estimated 545 new jobs (434 end-2011) and 204 companies including business start-ups (178 end-2011). While these represent less than half of the end targets, the outcome is likely not to increase significantly over the remaining period because 98% of the funding available had been paid out. According to the MA, the loans involved on average a larger amount of funding than initially planned. The “Village finance” Fund for local development though neither a “classical” FEI nor an investment grant scheme as such is aimed at supporting people who have difficulty in obtaining a bank loan or the necessary funding from other sources to become self-employed or to initiate a social economy project in the Priority Intervention Zone (PIZ). At end-2012 around half of the funding available had reached 58 beneficiaries at end-2012 (end-target 119).

Investment grants and FEIs are not part of the initiatives of the Flemish programme.



*Support for RDTI, innovation and technology acquisition<sup>16</sup>*

Four groups of ERDF co-financed interventions support R&D and innovation in Hainaut and in the rest of the Walloon region: 1) Aid to industrial research and experimental development in companies and access to innovation through technology vouchers, 2) Aid to research in research centres, 3) FEIs for innovation, 4) Investment in technology equipment in competence and education centres.

Overall, there was again progress in 2012 in terms of the indicators presented in the AIRs but markedly less than in 2011. The apparent slowdown is partly due to the nature of the indicators. Most “count” fundamentals (e.g. number of research projects, number of researchers, number of research centres receiving support, etc.). Once these are in place which happens to be the case at the present time - at least to a large extent - they no longer reflect the progress of the programme although research may progress very well. There is very little information from the indicators on progress in research as such and this affects the picture of the progress from support particularly in research centres (see below). There is equally no indication on the effects of the research undertaken in terms of the competitiveness of businesses. A recent evaluation tends to indicate in this regard that the ERDF co-financed support is relevant, efficient and coherent with the development strategy of the region but the impact in terms of a greater diversification of the economic base towards higher value added generating activities – which is the ultimate goal of intervention - does not - yet (?) - meet the high expectations at the start (See also section four: Evaluations and good practice in Evaluation).

While in 2011 the number of companies receiving support for industrial research and experimental development under the first group of interventions had more than doubled, there were only nine more in 2012 which brought the total to 56 assisted companies. Most of the projects are carried out by company consortia and research partnerships. This should be seen as an achievement in itself because the objective of support is also to strengthen interaction between those involved in innovation. The technology voucher introduced for the first time in the current programming period is clearly appraised as a success in the AIRs. Because of their flexibility, the short and simple administration and the wide range of or expertise to which they give access, the demand for technology vouchers is higher than anticipated.

In the second group – support to research in research centres – the indicators in the AIRs do not show much progress since the 2012 report was produced mainly because they were not set in such a way as to reflect the outcome of research or technology investment as noted above. In other words, the number of supported research centres (15 in Hainaut and 12 in the other parts of Wallonia) and projects (77 in Hainaut and 58 in the other parts of Wallonia) remained more or less the same as at end-2011. Also, the number of research jobs in research centres increased markedly less in the course of 2012 than in previous years with just seven new research jobs in Hainaut (224 in total at end-2012) and 15 in the Walloon region (358 in total at end-2012). At

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<sup>16</sup> For more details on ERDF co-financed measures to promote innovation and R&D in Belgium, see: Greunz L. (2010), Policy Paper on Innovation – Belgium, Evaluation Network delivering Policy analysis on the Performance of Cohesion Policy 2007-2013, Report for the European Commission, Directorate-General Regional Policy:  
[http://ec.europa.eu/regional\\_policy/sources/docgener/evaluation/pdf/eval2007/expert\\_innovation/belgium.pdf](http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/eval2007/expert_innovation/belgium.pdf)

this stage of programme implementation, as most of the prerequisites for research are in place, progress in implementing the measures is possibly best reflected in the number of new products and processes developed as a result of the support. In the course of 2012, no less than 64 new products and processes were developed in Hainaut and 44 in the other parts of the Walloon region which added to 56 and 21 respectively produced at end-2011.

The third group of R&D and innovation activities in the Hainaut CP and Wallonia CEP is aimed at supporting innovation in companies through the provision of FEIs, mainly refundable loans. By end-2012 around half of the funding available had been assigned to 59 companies in Hainaut (by end-2011 a third of the funding available went to 41 companies) which created 56 new (FTE) jobs. In the rest of the Walloon region, the entire funding had already been assigned to 50 companies by the end of 2010 but four of these have gone bankrupt subsequently.

Since the last report was produced, only one new additional project has been approved in the Flemish region. It provides finance to physical investment in Extreme Ultraviolet Lithography (EUV) at the laboratory for advanced research in microelectronics (IMC). Of the other 166 projects aimed at supporting innovation, R&D and technology acquisition, half were completed at end-2012 and the main outcomes of these were:

- 3,813 companies had adopted new strategies or improved existing ones to make better use of available knowledge (3,132 by end-2011; final target: 300(!));
- 848 companies had implemented new knowledge applications and techniques after having received specific advice in this regard (664 by end-2011; final target: 680);
- 1,843 incremental research projects had been initiated in companies (1,678 by end-2011; final target: 180(!));
- 150 cases of collaboration had been established between universities and companies (135 by end-2011; final target: 120);
- 81 international partnerships had been formed for the development of new knowledge applications (79 by end-2011; final target: 60).

As already noted in previous reports, many of the end-targets set for the Flemish programme are not meaningful, since already in 2011 they had greatly been exceeded (some by ten times). There was no adjustment in this regard in the 2012 AIR<sup>17</sup>.

In the Brussels region, the ERDF mainly supports research and innovation in energy and environmental technologies including in the construction sector. In the course of 2012, ten research projects were supported by EMOVO (e.g. a multidisciplinary research and training project in energy technology and the environment with the objective of promoting sustainable urban development) and led to 24 publications in scientific journals. Following the purchase of technical equipment, first research projects in the “Centre of excellence in eco-construction” were started in 2012 though most of the planned activities can only be taken up once the centre is installed at the Brussels Greenbizz which is still under construction.

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<sup>17</sup> According to the MA, targets were revised in 2011. However there is no trace of these neither in the 2012 AIR nor in the SFC2007 system.

**Note:**

It is difficult to give a meaningful appraisal of the overall significance of the outcome of expenditure because of the very different kinds of intervention supported by the programmes and the different ways outcomes are measured even for similar interventions. The number of business start-ups is however reported by all programmes and can be related to official data to show the significance of the outcome. At end-2012, 1.9 thousand start-ups were supported by ERDF co-financed programmes in Belgium. In comparison, over the period 2007-2012 around 62 thousand business start-ups were annually registered (27% of which in the Walloon region, 60% in the Flemish region and 13% in Brussels). Overall therefore, 0.5% of the start-ups in the period have been support by the ERDF.

**Human resources**

As noted in previous reports, the share of ERDF allocated to this policy area is less than 1% (see Annex Table A) but there are several measures carried out which help to increase human capital. The main projects of the Hainaut CP and Walloon region CEP which contribute to this policy area relate to the upgrading of technology equipment in competence and education centres. These are aimed at helping to improve the skill base in the six areas of technology promoted by the competitiveness pole policy supported by the *Marshall Plan 2.Vert.* The table below summarises the main results in terms of the number of people who have so far received training from these.

**Table 3 - Number of persons trained in centres with new technical equipment**

	CP Hainaut			CEP Walloon region		
	2010	2011	2012	2010	2011	2012
Workers	13,887	19,314	24,699	40,890	47,586	62,905
Job seekers	25,364	36,087	48,353	18,729	23,977	30,291
Teachers	5,065	6,789	8,319	8,088	9,342	11,310

*Source: 2010, 2011 and 2012 AIRs CP Hainaut and CEP Walloon region.*

By end-2012, 24,699 workers (19,314 by end-2011) from 9,511 companies (6,970 by end-2010; final target: 23,750) in Hainaut had received training and 62,905 workers (47,586 by end-2011) from 10,257 companies (7,448 by end-2011; final target: 6,000) in the other parts of the Walloon region.

In the Brussels region, under the initiative to raise entrepreneurial awareness among young people ("Boost your talent") 29 "awareness raising actions" were carried out which reached an additional number of 2,383 young people in 2012 bringing the total to 9,298.

**Environment and energy**

The ERDF provides support for renewable energy sources in the Walloon region (see Table 4) in both the Hainaut CP and the Wallonia CEP.

**Table 4 - Measures of Belgian ERDF programmes to support the policy area energy**

Measures	CEP Flemish region	CEP Walloon region	CEP Brussels region	CP Hainaut
Production of renewable energy	-	Solar panels on public buildings in 31 communes	-	Solar panels and street-lighting in public buildings Biomass-gasification plant
Energy efficiency in residential housing	Social housing and other buildings	-	-	-

Source: OPs, AIRs.

Funding mainly goes to equipping town halls and other public buildings with photovoltaic systems and solar lighting. According to the MA, the purpose of the measure extends beyond the use of solar energy in public buildings as such. By installing solar panels on public buildings in 31 municipalities, the government seeks to raise public awareness and to set an example of the use of clean energy. By end-2012, 1,614 sq. m. of photovoltaic panels had been installed in Hainaut (1,412 sq. metres by end-2011; final target: 10,200 sq. metres) and 1,760 sq. metres in the other parts of the Walloon region (the same surface as at end-2011; end-target: 6,800 sq. metres). According to the AIRs, all projects in this area are nearly completed or will be in the course of 2013 but no mention is made on the reasons for outcome being far below the targets set.

In the Hainaut, the ERDF also provides support for the construction of a biomass-gasification plant (in the commune d'Aiseau-Presles). Work on this was completed in 2012.

Whereas in Brussels, the Walloon region and Hainaut, the ERDF is not used to co-finance improvements in energy efficiency, in the Flemish region, it is directed towards social housing. As highlighted in previous reports, support for this is categorised under several priority axes including "Knowledge creation and innovation". Around 40 projects have been approved but no targets have been set and the outcome in terms of energy saving is not known.

### Territorial development

Progress in implementing the initiatives of this policy area is slowest. This observation is not new and was made in previous reports. It needs to be made again this year especially for the CP Hainaut and the CEP of the Walloon region. While at the beginning of the programme period delay was understandable and the main reasons specified in the AIRs were comprehensible (e.g. difficulty in accessing polluted sites, delays in delivering permits, geological obstacles on the sites etc.), they are less and less so as the programming period is reaching the end. Although these difficulties should at present have been solved, they are again mentioned in the 2012 AIRs as the main reasons for delay. This increasingly questions the capacity of the authorities to overcome the obstructing factors which to a large extent already hindered progress in cleaning up old industrial land in past programming periods. The "solution" in 2012 was to abandon a number of "difficult" projects. Instead of the repeated "optimism" on meeting the end-targets in previous AIRs, the 2012 AIRs for the first time reports on government decisions abandoning projects "not compatible with the time horizon of the programming period" (AIRs, CP Hainaut page 173). And although the 2012 AIRs for the first time state that a number of targets set will not be reached, the evident incapacity of removing the barriers preventing this is concealed behind "top-down" government decisions.

Among the 18 projects approved for regeneration of old industrial land in Hainaut, four were completed in Hainaut (two at end-2011) and six were abandoned by Government decision. In the rest of the Walloon region the number of depolluted sites has not changed since 2010 and stood at two at end-2012. Two of the ten sites planned to be cleaned up at end-2015 were abandoned by Government decision in 2012. In all, 86.7 hectares of industrial land had been recovered by the end of 2012 in Hainaut (16.7 by end-2011; final target: 148) and just 1.24 hectares in the other parts of the Walloon region (0.24 by end-2011; final target: 165).

Work on most infrastructure projects has started and has been completed in some cases but progress in 2012 was not significant. Finished projects include 4 transport infrastructure projects to improve access to business parks (three at end-2010; final target: 18), two business parks (two at end-2011; final target: 4), 4 office buildings for business start-ups (4 at end-2011; final target: 9). In total, 149 direct jobs had been created by the measures (138 at end-2011; final target: 1,020).

In the Brussels region "Brussels Greenfields" is a pilot project providing financial support to business promoters willing to establish their activity on an area of polluted industrial land. The objective is twofold: to clean up the land and to develop economic activity there. By end-2011, a total of eight agreements with project promoters had been signed but there was not much tangible progress since. Although the AIR does not provide detailed information it mentions difficulties in implementing the project and the likelihood of not reaching the objectives set.

As in 2011, modest progress was again made in 2012 to increase the supply of childcare facilities. Out of the 7 projects approved, one additional one had been completed in 2012 in addition to the two completed at end-2011. Together these provide care to 100 children (76 at end-2011; final target: 150). Around half of the infrastructure projects approved as regards territorial development in the PIZ had been finalised by end-2012 (none at end-2011) the AIR reports progress in those not yet finalised so that all are likely to be in operation before the end of the programming period.

In the Flemish region, territorial development is assisted through support to transport and logistics, improving business sites, strengthening regional attractiveness and promoting integrated urban development in the main cities. Overall the expenditure undertaken had led to a better transport system for over 2,000 people at end 2010 and this number was the same in 2012 (final target: 3 thousand), 4.2 sq. km. of building land and business places (nearly the same as in 2011, final target: 7.5 sq. km.) and over 18 thousand sq. metres of renovated commercial areas in cities (16,000 at end-2009; final target: 200-300 thousand sq. metres<sup>18</sup> according to AIR). Several "leverage projects" were completed.

### ***Aggregation***

As last year, a table of aggregate indicators has been prepared (Table 4). It is important to emphasise that the figures presented need to be interpreted with much caution, since the indicators have been developed independently by the regions concerned without any attempt at

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<sup>18</sup> The end target in the regard was adjusted. The AIRs of previous years indicated a value of 20-30 thousand sq. m.

coordination or harmonisation of definitions and in many cases are not directly comparable because of this.

**Table 4 - Indicators for assessing aggregate achievements of the Belgian ERDF programmes – situation by end-2012**

Policy area	Main indicators	Other physical indicators
Enterprise support and RTDI (58.2% of ERDF allocation)	<ul style="list-style-type: none"> <li>• <u>1,896 start-ups supported (end-2011: 1,197; final target: 2,552)</u></li> <li>• 7,446 direct jobs created (end-2011: 3,989; final target: 12,274) in Wallonia, Hainaut and Brussels and 1,495 in the Flemish region (*). <u>Total number direct jobs created at end-2012: 8,941</u></li> </ul>	<ul style="list-style-type: none"> <li>• EUR 870 million of investment induced (end-2011: 791; final target: 1,630) in Wallonia and Hainaut</li> <li>• 1,752 SMEs receiving direct support for investment (end-2011: 1,021; final target: 2,691) (Brussels not covered)</li> <li>• <u>644 RTD projects supported (end-2011: 575; final target: 904)</u></li> <li>• 49 R&amp;D co-operations between companies and public research centres / universities (end-2011 45; final target: 200) (Brussels not covered)</li> <li>• 358 research jobs created (end-2011 343; final target: 280) in Wallonia and Hainaut</li> <li>• 185 new products and processes developed (end-2011: 77; final target: 212) in Wallonia and Hainaut</li> </ul>
Transport and telecommunications (5.6% of ERDF allocation)	<ul style="list-style-type: none"> <li>• 2,077 additional persons benefitting from sustainable better transport (end-2011: 2,077; final target: 3,000) in the Flemish region</li> </ul>	<ul style="list-style-type: none"> <li>• 11 supported infrastructure investments to strengthen the logistics network (end-2011: 8; final target: 38) (Brussels not covered)</li> </ul>
Environment and energy (10.5% of ERDF allocation)		<ul style="list-style-type: none"> <li>• 3,374 sq. m. of photovoltaic panels installed on public buildings (end-2011: 3,172; final target: 17,000) in the Walloon region and Hainaut</li> </ul>
Territorial development (22.9% of ERDF allocation)	<ul style="list-style-type: none"> <li>• <u>5.2 sq. km. of rehabilitated land (end-2011: 4.6; final target: 10.8)</u></li> <li>• 69 businesses located in newly renovated / created activity space (end-2011: 46; final target: 228) in Wallonia and Hainaut</li> </ul>	<ul style="list-style-type: none"> <li>• 37 supported infrastructure investment in tourism (end-2011: 37, final target: 23) in Wallonia and Hainaut</li> <li>• <u>76 supported infrastructure investments to improve sustainability and urban attractiveness (end-2011: 73; final target: 157)</u></li> </ul>

*Note: Underlined indicators are those which are available for all Belgian Programmes and can be aggregated.*

*(\*) For the first time, the 2012 AIR mentions the number of direct jobs created by the Flemish programme but only an aggregate, at programme level. Since no breakdown is available the jobs created were assumed to be mainly the outcome of enterprise support. This assumption is sensible given the nature of the co-financed measures of in the other policy areas.*

As indicated in Table 4 an estimated 9 thousand new direct jobs were created by the programmes in gross terms up to the end of 2012 This is equivalent to almost 0.2% of total employment in Belgium and corresponds to 5% of (net) employment growth over the period 2007-2012, though it should be emphasised that since the jobs created are in gross terms they cannot really be compared with the increase in employment in net terms.

### 3. Effects of intervention

Main points from previous country report:

- As by November 2012, there was no evaluation evidence on the contribution so far of the projects supported to the development of the regions in Belgium because no evaluation on this had been carried out since the programmes were adopted in 2007.
- It was equally emphasised in the report that in reality at this stage of policy implementation an evaluation of the wider effects would not provide much insight because the programmes have not yet generated sufficient expenditure to produce such effects.

#### Developments since the 2012 report

Nothing has really changed since last year's report. The three new evaluations that have become available in 2012 - 2013 and which are discussed in the next section have not added much to the knowledge of the effects or impacts of intervention. It should be noted in this regard that the payments made since 2007 to the CP and the three CEPs by the end of 2012 represented just a little over 1% of national development expenditure in the same period<sup>19</sup>, i.e. a very marginal share. It is not sure at all, therefore, that an evaluation of the wider effects of Cohesion policy in Belgium will ever be carried out because such a small amount is likely to have only a very modest effect on the ability of regions to sustain economic development and improve the quality of life perceptibly.

#### *Judgment of the policy*

Evaluations have shown that the programmes are pertinent to address the structural weaknesses of the regions and that they complement the national development strategies in an appropriate way. From the progress reported in the AIRs it can be "deduced" that the efforts to support the enterprises environment (which overall receive 60% of the allocation from the ERDF) are producing the intended effects both in terms of RTDI and business start-ups and development. Financial support in the form of FEIs is meeting the needs of companies and entrepreneurs. There is long experience in in managing these schemes and some are co-financed since the 1994-1999 period. There are however question marks over the pertinence of a number of individual interventions for which it is difficult to see how they contribute to the objectives pursued (e.g. renovation of social housing under the priority "Knowledge economy and of Innovation" of the Flemish CEP). Support for territorial development has produced relatively modest outcome until now mainly because of delays due to blocking factors which authorities seem unable to solve in time.

In the absence of evaluations assessing the impacts and effects of the expenditure co-financed by the ERDF over the present programming period it is problematic to formulate an empirical judgment of these. From the above it can be deduced however that the programmes are activating the appropriate leverages.

It can also be noted that the weaker economy in the South has slightly better resisted to the crisis than the North so that there was some convergence in terms of GDP per head in the

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<sup>19</sup> Measured by the amount of government capital transfers and gross fixed capital formation.

current programming period. However, it is not clear whether and to what extent policy in general and Cohesion policy in particular has contributed to this.

#### 4. Evaluations and good practice in evaluation

Main points from previous country report:

- By end-2011 four evaluations were carried out since the programming period began. Two mid-term evaluations (in 2011) - one of the Brussels OP and one of the Flemish OP - and two evaluations of the OPs in the Walloon region (in 2010): a study assessing the value added of project portfolios in several policy areas and an evaluation of ERDF co-financed support services to companies and entrepreneurs. Both were first parts.
- The results of evaluations seem to feed into the policy-making process. As explicitly stated in the 2012AIRs the ERDF co-financed measures that were subject to evaluation in 2011 were reorganised as a result of the evaluation so to make the intervention more efficient. The AIRs also mention that the results of the evaluations carried out in 2012 and 2013 will be taken on board in the programmes of the next period.
- The process for evaluating the effects of intervention is decentralised and managed by the three MAs responsible for the implementation of Cohesion policy in Belgium. They decide on the number, type and frequency of evaluations. There is no coordination between the three MAs and no formal exchange of experience in regard of evaluation. Lessons learned from evaluations carried out in one region are not formally shared with the MAs of other regions.
- Apart from the strategic reports for the Commission, there were no evaluations looking at the effects of intervention as such in terms of meeting the main objectives pursued by Cohesion policy (e.g. strengthening economic, social and territorial cohesion), reducing regional disparities of various kinds or helping regions to respond to major long-term challenges.

##### **Developments since the 2012 report**

There have been no changes since the 2012 report was produced in the strategy for evaluating the effects of interventions co-financed by the ERDF and Cohesion Fund, the resources made available and the capacity for undertaking the evaluations concerned.

Three evaluations were carried out in the course of 2012 and 2013. All were on the CEP of the Walloon region and the CEP of Hainaut and were announced as upcoming in last year's report. The main findings of these are briefly summarised below (see also Table 5).



### **Textbox 1 - Evaluation of the advanced support services to companies and entrepreneurs co-financed by the ERDF (measure 1.3. of the CP and the CEP) - Second part of the evaluation**

#### **Evaluation of advanced support services<sup>20</sup>**

The purpose of the evaluation was to assess the pertinence of projects and actions carried out in the current programming period as regards the provision of advanced support services (measure 1.3.), the effectiveness and efficiency of these and the results achieved in both the CP and the CEP. Evaluations carried out in previous programming periods<sup>21</sup> have recommended that the provision of advanced support services in the region should be more targeted towards the actual needs expressed by the companies and also highlighted the need for a better coordination of the service among providers. These recommendations were taken up in the 2007-2013 programmes by streamlining the service and by simplifying the organisational structure of provision. The aim of this evaluation – at least in part - was to assess whether and to what extent these efforts were successful and helped to improve the efficiency of the system. It was organised in two parts. The first, finalised in March 2011, evaluated the pertinence of the projects selected in the 2007-2013 period as regards the needs expressed by companies and (potential) entrepreneurs as well as the consistency of these with the overall objectives of the policy. The second part, undertaken in 2012, intended to evaluate the results and effects of intervention.

The main conclusions of the evaluation were:

#### Pertinence of the services and coherence of the service system

- The services and advice offered overall correspond to the needs expressed by the companies but the efforts deployed by the service providers to identifying these differ.
- Most of the companies benefitting declared that they had received adequate service but further efforts are required to improve the clarity of the structure as a whole and to simplify the system. There is also room for improving the quality of follow-up and long-term services.
- There is not a lot of redundancy any more in the service provided by the different operators which are more complementary than in the previous programming periods.
- Because of the economic crisis companies were looking more than in normal times for guidance and advice in the search of funding. In parallel, a larger than usual share of people were looking for finance to help them become self-employed and to start their own business but the quality of their projects were often weak.

#### Results and recommendations

<sup>20</sup> See, Comase (2011 – part 1 and 2012 - part 2), Evaluation des résultats des actions co-financées par le FEDER 2007-2013 en matière de stimulation de l'entrepreneuriat, de la création, de développement et de transmission d'entreprises dans le cadre des programmes opérationnels « Convergence » et « Compétitivité régionale et emploi », Evaluation carried out for the Public Service of the Walloon region, DG de l'Animation et de l'Evaluation des Programmes du Département de la Coordination des Fonds structurels.

<sup>21</sup>ULB (CERT) (2005), Actualisation de l'évaluation à mi-parcours du DOCUP Phasing out objectif n° 1 – Hainaut.

IWEPS (2006), Evaluation des couveuses d'entreprises, des coopératives d'activités et des incubateurs en économie sociale en région wallonne.

SONECOM (2009), Enquête auprès des entreprises sur la perception de l'animation économique en région wallonne, ASE.

- The service provided is seen as efficient in that the targets set essentially in terms of supported job creations and business start-ups were achieved. However, it should be noted in this regard that the pertinence of the targets was not analysed as such.
- There is a need to make the service system more result oriented in terms of its contribution to the ultimate goal of the policy namely the increase of competitiveness of businesses via increased diversification of activity and development of high value added activities. A regular assessment of the interventions as regards their contribution towards improving regional development is recommended.

**Textbox 2 -Evaluation of Support for RDTI, innovation and technology acquisition co-financed by the ERDF (measures 2.1, 2.2 and 2.3 of the CP and the CEP)**

*Evaluation of Support for RDTI, innovation and technology acquisition<sup>22</sup>*

The evaluation focussed on the ERDF co-financed measures to develop and exploit Wallonia's innovation potential in the framework of the CEP of the Walloon region and the CP of Hainaut 2007-2013 and aimed at assessing the pertinence, coherence efficiency and impact of the support. Based on the reconstructed intervention logic of the OPs, 8 core evaluation questions were defined with associated judgement criteria. Around 50 face-to-face interviews were carried out with 18 beneficiary SMEs, 21 support structures, 5 competitiveness clusters and various management services of the supported instruments and measures. These interviews were supplemented with an online survey of 550 SMEs benefitting from direct support, which resulted in a 25% response rate.

The main conclusions of the evaluation were:

There was an important qualitative step forward compared to the 2000-2006 programming period:

- Being centred on SMEs, the strategic objectives of the OPs are coherent with the logic of the regional innovation strategy.
- The key intervention principles reflect the objectives pursued and reinforce the coherence of the policy. This is important progress compared to the previous programming period.
- The introduction of project portfolios ensured a link between the acquisition of technology equipment and research projects, which reinforced the expertise of research centres and initiated or validated tangible collaborations.
- The introduction of the non-technological dimension of innovation and of two new instruments directly aimed at reaching a greater number of SMEs directly addressed one of the main weaknesses of the programme in 2000-2006.

There are nevertheless a number of difficulties and limitations:

- It remains a challenge to translate the objectives pursued into an articulated intervention logic clearly setting out the key results that are expected from the intervention as well as the intended interactions between the measures.
- This resulted in support not being sufficiently directed towards the needs of the companies in the region (demand pull) by over-emphasising instead "technology push"

<sup>22</sup> ADE (2012), Évaluation des actions en matière de développement et d'exploitation du potentiel d'innovation en Wallonie, cofinancées dans le cadre des PO FEDER 2007-2013 Convergence et Compétitivité régionale et emploi.

interventions. Much of the support consisted of providing research centres with technological infrastructure and leading scientific expertise in a number of areas, without, however, allowing a sufficient number of companies in the region to directly or indirectly benefit from the intervention.

The impact of the support in terms of improved competitiveness of businesses still needs to be seen:

- Although the support was concentrated on a limited number of priority areas there was not enough selectivity in the projects supported to build a real critical mass. And although there were efforts to coordinate the support with the projects supported by the Marshall plan, there is a lack of actual coherence. In many cases the link is nothing more than “thematic congruence”.
- ERDF support went essentially to “upstream research”, the results of which take a long time to materialise in terms of economic development. The impact of the programme on the development of the region at this stage is therefore far below the strong expectations expressed at the beginning of the programming period.

Recommendations:

- Give priority to the economic “valorisation” of the programme in order to maximise the impact on regional development.
- Concentrate financial resources on instruments that have proved successful with SMEs.
- Initiate multidimensional support approach by activating the non-technological innovation component and integrating it into a global support approach.

### **Textbox 3 - Evaluation of project portfolios supporting urban development poles (measure 3.3 of the CP and the CEP) – First part**

#### ***Evaluation of project portfolios supporting urban development poles***<sup>23</sup>

The purpose of the evaluation was twofold: First, assess the value added of ERDF co-financed measures to support urban development and identify ways of increasing it. Second, provide guidance to regional authorities and beneficiaries in terms of project selection and implementation. The evaluation covered the following tasks:

- Identify the strengths and weaknesses of the selected projects and project portfolios as regards the challenges faced by the Walloon urban poles and the development strategy pursued by the region;
- Help beneficiaries to define high quality projects supporting the Walloon urban development policy and preparation of a practical guidance note;
- Assess the value added of ERDF in terms of urban development and analyse growth and employment of urban poles in the Walloon region;
- Propose new strategic orientations for the post 2013 period in terms of balanced and sustainable territorial development;
- Discuss the quality of information provided by beneficiaries (e.g. indicators and report) intended to provide evidence on the progress towards achieving the objectives.

The main conclusions from the evaluation were:

<sup>23</sup> ADE (2013), Evaluation des projets et portefeuilles de projets cofinancés par le FEDER 2007-2013 en matière de pôles urbains wallons dans le cadre des PO Convergence et Compétitivité régionale et emploi.

- The advantage of the ERDF compared to other sources of funding is clearly the importance of the means available allowing funding of major projects of a strategic nature within a relatively short period of time. ERDF offers a sufficiently wide range of possibilities for intervention to support the development of urban centres in a truly integrated way. In practice the support has mainly been directed towards rehabilitation, tourism and cultural projects.
- The main project leaders are communes and towns that largely focus on their respective core competencies with little strategic vision regarding economic development and employment. Considering that the initiatives are primarily local, functional administrations have not grasped the opportunity offered by the funding to develop significant initiatives and/or innovative pilot projects with local actors in their area.
- The most frequently recurring weaknesses of the 19 project portfolios examined by the evaluators are: non-systematic reference to territorial diagnosis; weakness of links between the areas of intervention in the portfolios; project logic rather than an overall strategy; weakness of the accompanying measures to promote investment; environmental issues insufficiently taken into account; involvement of the residents and the private sector remains undeveloped.
- The most recurrent obstacles are: lack of anticipation and preparation of the projects; long preparation phases in relation to acquisition of land or buildings; difficulties in obtaining agreement and permission from various authorities; the administrative burden imposed by EU regulations.

**Table 5 - Evaluations (published between October 2012 and November 2013)**

Title and date of completion	Policy area and scope (*)	Main objective and focus (*)	Main findings	Method used (*)	Link to publication
Evaluation des résultats des actions cofinancées par le FEDER 2007-2013 en matière de stimulation de l'entreprenariat, de la création, de développement et de transmission d'entreprises dans le cadre des programmes opérationnels «Convergence» et «Compétitivité régionale et emploi» - Part 2  2012	Evaluation of the ERDF co-financed advanced support services to companies and entrepreneurs co-financed by the ERDF (measure 1.3. of the CP and the CEP) (2)	Assess progress towards meeting the targets set for the intervention and the effects on regional development. (3)	<ul style="list-style-type: none"> <li>- The service is pertinent in so that it corresponds to the need of companies;</li> <li>- Further efforts are required to improve the clarity of the service structure;</li> <li>- It is recommended to make the service more result oriented.</li> <li>- A regular assessment of the service as regards its contribution to the development of higher value added activities and diversified activities in the region was recommended.</li> </ul>	Desk research, interviews, case studies (3)	<a href="http://euro.pe.wallonie.be/">http://euro.pe.wallonie.be/</a>
Évaluation des actions en matière de développement et d'exploitation du potentiel d'innovation en Wallonie, cofinancées dans le cadre des PO FEDER 2007-2013 Convergence et Compétitivité régionale et emploi  2012	Evaluation of ERDF co-financed measures to develop and exploit Wallonia's innovation (measures 2.1, 2.2 and 2.3 of the CP and the CEP) (1)	Assess the pertinence, coherence efficiency and impact of the support. (3)	<ul style="list-style-type: none"> <li>- There was and an important qualitative step forward compared to the previous 2000-2006 period in terms of pertinence and coherence of the intervention.</li> <li>- ERDF supported "upstream research" and technology equipment in research centres but knowledge transfer to the productive system remain insufficient and the research is not enough oriented towards the need of companies.</li> <li>- The impact of the support in terms of improved competitiveness of the productive fabric still needs to be seen.</li> </ul>	(3)	<a href="http://euro.pe.wallonie.be/">http://euro.pe.wallonie.be/</a>
Evaluation des projets et portefeuilles de projets cofinancés par le FEDER 2007-2013 en matière de pôles urbains wallons dans le cadre des PO Convergence et Compétitivité régionale et emploi. Part 1  2013	Evaluation of ERDF co-financed measures to project portfolios supporting urban development poles (measure 3.3. of the CP and the CEP) (7)	Assess the value added of ERDF co-financed on urban development and identify ways of increasing Provide guidance to regional authorities and beneficiaries in terms of project selection and implementation. (1)	<ul style="list-style-type: none"> <li>- Value added of ERDF mainly in the significant of funding made available.</li> <li>- Although ERDF offers a sufficiently wide range of possibilities for intervention to support the development of urban centres in an integrated way, in practice this possibility was not used sufficiently.</li> <li>- Among the main weakness: juxtaposition of projects, without explicit links between the areas of intervention in the portfolios and limited involvement of inhabitants and private sector.</li> </ul>	(3)	<a href="http://euro.pe.wallonie.be/">http://euro.pe.wallonie.be/</a>

Note: (\*) Legend:

**Policy area and scope:** 1. RTDI; 2. Enterprise support and ICT; 3. Human Resources (ERDF only); 4. Transport; 5. Environment; 6. Energy; 7. Territorial development (urban areas, tourism, rural development,

*cultural heritage, health, public security, local development); 8. Capacity and institution building; 9. Multi-area (e.g. evaluations of programmes, mid-term evaluations); 10. Transversal aspects (e.g. gender or equal opportunities, sustainable development, employment).*

**Main objective and focus:** 1. assess the arrangements and procedures for managing or administering programmes; 2. support monitoring, or check the progress made in implementing programmes, such as many mid-term evaluations; 3. assess the outcome or effects of programmes in terms of the results achieved and their contribution to attaining socio-economic policy objectives.

**Method used:** 1. Counterfactual; 2. Cost-benefit analysis; 3. Other quantitative; 4. Qualitative.

Two “follow-up” evaluations are currently under preparation: (1) The second part of the Evaluation of ERDF co-financed measures to project portfolios supporting urban development poles in the Walloon region which is looking more into the results of the supported projects and which is planned to be finalised by the end of 2013. (2) The second part of the evaluation on the value added of the portfolio approach of the OPs in Wallonia and in Hainaut which will assess whether the targets set have been achieved but also whether the portfolio approach effectively contributed to the development of networks which was one of the objectives pursued. It should be noted that the Walloon MA will carry out an ex post evaluation of the CEP and the CP to assess the impact of the intervention.

*Appraisal of evaluation activity, quality of evaluations and reliability of results:*

Summing up the evaluation activity in Belgium since the programming period began it can be observed that of the nine evaluations carried out or currently in preparation not including the planned ex post evaluations, seven were on the CP of Hainaut and on the CEP of the Walloon region (of which two are forthcoming), only one on the Brussels OP and another one on the Flemish OP. The two latter were mid-term evaluations concentrating to a large extent on the progress made in implementing the measures. Because most projects had not been completed at the time when the evaluations were carried out, the evaluations contain very little information of the results achieved and virtually none on the effects of the policy. The evaluations carried out in the Walloon region focused on four themes: (1) Advanced support services to companies and (potential) entrepreneurs, (2) Support for RDTI, innovation and technology acquisition, (3) Support for the development of urban poles value and (4) Value added of the portfolio approach and the main findings were summarised at the beginning of the sections.

Overall therefore the evaluation activity of ERDF co-financed programmes in Belgium is not uniform across the regions. It is relatively broad and comprehensive as regards the CEP of the Walloon region and the CP of Hainaut and much less so for the CEPs of the Flemish and the Brussels regions. While the evaluation activity is proportional to the size of the programmes, it is not so to the funding made available for evaluations in technical assistance<sup>24</sup> and might therefore reflect differences in interest. The evaluations were carried out by independent evaluators which are known by the profession and which were selected through a competitive tender procedure. There is no reason *a priori* to question their quality or the reliability of results<sup>25</sup>.

<sup>24</sup> Technical assistance amounts to 1% of the total allocation from the ERDF to the CP Hainaut and the CEP of the Walloon region and to 4% in the CEPs of the Flemish and the Brussels regions (see annex Table A).

<sup>25</sup> A more detailed would require the terms of references of to be known, the budget available, the precise research questions, and so on.

*Open questions and ways of improving evaluation activity:*

Direct support to companies either in the form of refundable finance or direct grants to companies, are major policy instruments in Belgium and no other Member State uses the ERDF as extensively as Belgium for this. The strong focus on financial support for enterprises does not mean however that all the market failure is corrected, so that SMEs are able to find the finance they need. As mentioned above, the unused funding available for investment grants at end-2012 in the Walloon region demonstrates that the challenge for policy is not just one of making money available to companies, it is also one of activating the most appropriate form of support to companies in need of finance. So far no evaluation has investigated the issue but a better understanding of it would certainly be helpful particularly as regards the preparation of the programmes in the coming period.

More fundamentally, as already mentioned before, the effort put into evaluation of Cohesion policy programmes is not equal across the regions. There seems to be interest by some to learn from evaluations but not in all. A more equal distribution of the effort across the country by increasing the evaluation activity there where it is currently weak would certainly contribute to a better accountability of Cohesion policy in Belgium.

Another significant step towards a more efficient evaluation system would be a broader share across the country of the evaluation evidence. While the institutional reality of the country is not pushing in this direction because regional development issues are completely decentralised, a national forum where results are discussed by people involved in Cohesion policy programming, implementation and evaluation would certainly be mutually beneficial.

## 5. Further Remarks - New challenges for policy

Main points from previous country report:

- The absence of cooperation and consultation between the regions in designing and implementing their regional development policies is likely to be source of inefficiency and to work against a critical mass being achieved. Lessons learned from evaluations are generally not shared among regions and this is another source of inefficiency.
- The information contained in the AIRs of the ERDF co-financed programmes in Belgium is not appropriate for aggregating data on physical indicators across programmes.

Both points remain valid.

The main challenge at this stage in the programming period is to collect evidence on the results and effects of the programmes and measures carried out and discuss how these should operate in the next programming period. The indicators intended to monitor progress in implementing the policy and demonstrating the results of intervention at all levels ought to be an important part of this evidence in so that they should show the outcome of expenditure and help in assessing the comparative effectiveness of measures. However, because under the current regulation Member States and MAs are free to report or not on the core indicators and to apply or not the recommended definitions, it is more than problematic to use the information to assess Cohesion policy achievements because the figures are neither comparable nor complete. If the aim in the next programming period is to improve the information and the system in place to collect the indicators from the Member States there is a need for very (!) clear definitions and

precise rules for reporting the data. If, furthermore, the aim is to use the indicators for assessing aggregate achievements, the use of the indicators should not be optional. This would call for even greater care in framing definitions and rules.



## References

### Evaluations carried out in 2012-2013

ADE (2012), Evaluation des actions en matière de développement et d'exploitation du potentiel d'innovation en Wallonie, cofinancées dans le cadre des PO FEDER 2007-2013 Convergence et Compétitivité régionale et emploi; for the Public Service of the Walloon region, DG de l'Animation et de l'Evaluation des Programmes du Département de la Coordination des Fonds structurels.

ADE (2013), Evaluation des projets et portefeuilles de projets cofinancés par le FEDER 2007-2013 en matière de pôles urbains wallons dans le cadre des PO Convergence et Compétitivité régionale et emploi; for the Public Service of the Walloon region, DG de l'Animation et de l'Evaluation des Programmes du Département de la Coordination des Fonds structurels.

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IDEA Consult (2011), Evaluation à mi-parcours du programme opérationnel Compétitivité régionale et emploi de la Région de Bruxelles-Capitale intitulé "Objectif 2013 : « Investissons ensemble dans le développement urbain » report on behalf of the Ministère de la Région de Bruxelles-Capitale, Cellule de Coordination et Gestion du FEDER 2007-2013.

### Evaluations carried out in 2010:

SEE, Comase (2010), Analyse de la plus-value générée par les portefeuilles de projets et projets uniques dans le cadre des Programmes Opérationnels FEDER 2007-2013 Convergence, Compétitivité régionale et emploi - Part 1, Evaluation carried out for the Public Service of the Walloon region, DG de l'Animation et de l'Evaluation des Programmes du Département de la Coordination des Fonds structurels.

SEE, Comase (2011), Evaluation des résultats des actions co-financées par le FEDER 2007-2013 en matière de stimulation de l'entrepreneuriat, de la création, de développement et de transmission d'entreprises dans le cadre des programmes opérationnels « Convergence » et « Compétitivité régionale et emploi » - Part 1, Evaluation carried out for the Public Service of the Walloon region, DG de l'Animation et de l'Evaluation des Programmes du Département de la Coordination des Fonds structurels.

### Official planning and evaluation documents:

Rapport Stratégique National de la Belgique (2009, 2012)

Belgian Stability Programmes (2009-2012); (2011-2014), (2012-2015)

**Convergence Objective:**

Programme opérationnel “Convergence Hainaut”, Intervention FEDER 2007-2013, (2007).

Complément de programmation, “Convergence Hainaut”, Intervention FEDER 2007-2013, (2007)

Evaluation Ex ante, Programme opérationnel “Convergence Hainaut”, Intervention FEDER 2007-2013, (2007)

Rapport annuel d’exécution, Programme opérationnel “Convergence Hainaut”, Intervention FEDER 2007-2013, (2008), (2009), (2010), (2011), (2012)

**Competitiveness and Employment Objective:**

Programme opérationnel “Compétitivité régionale et emploi Wallonie”, Intervention FEDER 2007-2013, (2007)

Complément de programmation, “Compétitivité régionale et emploi Wallonie”, Intervention FEDER 2007-2013, (2007)

Evaluation Ex ante, Programme opérationnel “Compétitivité régionale et emploi Wallonie”, Intervention FEDER 2007-2013, (2007)

Rapport annuel d’exécution, Programme opérationnel “Compétitivité régionale et emploi Wallonie”, Intervention FEDER 2007-2013, (2008), (2009), (2010), (2011), (2012)

Programme opérationnel “Compétitivité régionale et emploi Bruxelles Capitale”, Intervention FEDER 2007-2013, (2007)

Evaluation Ex ante, Programme opérationnel “Compétitivité régionale et emploi Bruxelles Capitale”, Intervention FEDER 2007-2013, (2007)

Rapport annuel d’exécution, Programme opérationnel “Compétitivité régionale et emploi Bruxelles Capitale”, Intervention FEDER 2007-2013, (2008), (2009), (2010), (2011), (2012)

Operationeel Programma, Doelstelling « Regionaal Concurrentievermogen en Werkgelegenheid Vlaanderen », EFRO 2007-2013, (2007)

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**Cross-border co-operation Objective:**

Operational Programme, “Cross-border co-operation – France-Wallonie-Vlaanderen”, ERDF 2007-2013

Ex ante evaluation of Operation Programme “Cross-border co-operation – France-Wallonie-Vlaanderen” ERDF 2007-2013

Annual implementation report, Operational Programme, “Cross-border co-operation – France-Wallonie-Vlaanderen”, ERDF 2007-2013 (2008), (2009), (2010), (2011), (2012)

Operational Programme, “Cross-border co-operation – Vlaanderen-Nederland”, ERDF 2007-2013

Ex ante evaluation of Operation Programme “Cross-border co-operation – Vlaanderen-Nederland” ERDF 2007-2013

Annual implementation report, Operational Programme, “Cross-border co-operation – Vlaanderen-Nederland”, ERDF 2007-2013 (2008), (2009), (2010), (2011), (2012)

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The author is grateful for the comments received.

## Annex 1 - Evaluation grid for examples of good practice in evaluation

None of the evaluations carried out in 2012 of Belgian programmes exemplify good practice in evaluation. The grid is therefore not filled out.

BASIC INFORMATION	
Country:	
Policy area: (Enterprise support, RTDI, Transport, etc.)	
Title of evaluation and full reference:	
Intervention period covered (2000-2006; 2007-2013; specific years):	
Timing of the evaluation (when it was carried out):	
Budget (if known): EUR	
Evaluator: (External evaluator, internal evaluator, EC)	
Method: (counterfactual analysis, process analysis, case study, econometric model, etc. indicate if a mix of methods)	
Main objectives and main findings:(very short description - 3-4 lines)	
Appraisal: (Why you consider the evaluation an example of good practice: - 3-4 lines)	
CHECK LIST	
Score each item listed below from 0 to 2 as follows: 0: No; 1: Yes, but not fully; 2: Yes	
Report	
Are the objectives, methods and findings of the evaluation clearly set out?	
Are the findings and recommendations clearly supported by the analysis?	
Are the methods used suitable given the objectives of the valuation and have they been well applied?	
Are the quantitative and qualitative data used reliable and suitable for the purpose of the evaluation?	
Are the potential effects of other factors (e.g. the economic situation) on the outcome fully taken into account?	
Is a serious attempt made to distinguish the effects of the intervention from these other factors?	

## Annex 2 – Evaluations carried out in the 2007-2013 period

Title and date of completion	Policy area and scope (*)	Main objective and focus (*)	Main findings	Method used (*)	Link to publication
Evaluation des résultats des actions cofinancées par le FEDER 2007-2013 en matière de stimulation de l'entrepreneuriat, de la création, de développement et de transmission d'entreprises dans le cadre des programmes opérationnels «Convergence» et «Compétitivité régionale et emploi» - Part 2 2012	Evaluation of the ERDF co-financed advanced support services to companies and entrepreneurs co-financed by the ERDF (measure 1.3. of the CP and the CEP) (2)	Assess progress towards meeting the targets set for the intervention and the effects on regional development. (3)	<ul style="list-style-type: none"> <li>- The service is pertinent in so that it corresponds to the need of companies;</li> <li>- Further efforts are required to improve the clarity of the service structure;</li> <li>- It is recommended to make the service more result oriented.</li> <li>- A regular assessment of the service as regards its contribution to the development of higher value added activities and diversified activities in the region was recommended.</li> </ul>	Desk research, interviews, case studies (3)	<a href="http://europe.wallonie.be/">http://europe.wallonie.be/</a>
Évaluation des actions en matière de développement et d'exploitation du potentiel d'innovation en Wallonie, cofinancées dans le cadre des PO FEDER 2007-2013 Convergence et Compétitivité régionale et emploi 2012	Evaluation of ERDF co-financed measures to develop and exploit Wallonia's innovation (measures 2.1, 2.2 and 2.3 of the CP and the CEP) (1)	Assess the pertinence, coherence efficiency and impact of the support. (3)	<ul style="list-style-type: none"> <li>- There was and an important qualitative step forward compared to the previous 2000-2006 period in terms of pertinence and coherence of the intervention.</li> <li>- ERDF supported "upstream research" and technology equipment in research centres but knowledge transfer to the productive system remain insufficient and the research is not enough oriented towards the need of companies.</li> <li>- The impact of the support in terms of improved competitiveness of the productive fabric still needs to be seen.</li> </ul>	(3)	<a href="http://europe.wallonie.be/">http://europe.wallonie.be/</a>
Evaluation des projets et portefeuilles de projets cofinancés par le FEDER 2007-2013 en matière de pôles urbains wallons dans le cadre des PO Convergence et Compétitivité régionale et emploi. 2013	Evaluation of ERDF co-financed measures to project portfolios supporting urban development poles (measure 3.3. of the CP and the CEP) (7)	Assess the value added of ERDF co-financed on urban development and identify ways of increasing Provide guidance to regional authorities and beneficiaries in terms of project selection and implementation. (1)	<ul style="list-style-type: none"> <li>- Value added of ERDF mainly in the significant of funding made available.</li> <li>- Although ERDF offers a sufficiently wide range of possibilities for intervention to support the development of urban centres in an integrated way, in practice this possibility was not used sufficiently.</li> <li>- Among the main weakness: juxtaposition of projects, without explicit links between the areas of intervention in the portfolios and limited involvement of inhabitants and private sector.</li> </ul>	(3)	<a href="http://europe.wallonie.be/">http://europe.wallonie.be/</a>
Evaluation à mi-parcours du programme opérationnel	Mid-term evaluation of the	Assess progress in implementing the	No major adjustments of the programme necessary. Recommendations (points below not exhaustive):	(3)	On demand

Title and date of completion	Policy area and scope (*)	Main objective and focus (*)	Main findings	Method used (*)	Link to publication
Compétitivité régionale et emploi de la Région de Bruxelles-Capitale intitulé "Objectif 2013 : «Investissons ensemble dans le développement urbain» report on behalf of the Ministère de la Région de Bruxelles-Capitale, Cellule de Coordination et Gestion du FEDER 2007-2013  December 2011	CEP of the Brussels-Capital region (9)	programme, re-assess pertinence and coherence of the programme, evaluate efficiency, effectiveness and value added of the interventions financed, apprise expected impact, evaluate functioning of programme monitoring and management (2)	<ul style="list-style-type: none"> <li>- Better balance recommended between project kinds (big infrastructure projects versus smaller soft projects).</li> <li>- Enlarge the range of projects promoters by increasing the share of private businesses among beneficiaries.</li> <li>- Define priorities less broadly so to best tackle the need of the supported area.</li> </ul>		
"Tussentijdse evaluatie van het Doelstelling 2-programma 'Regionaal concurrentievermogen en werkgelegenheid 2007-2013' report on behalf of Agentschap Ondernemen Afdeling Europa Economie  October 2011	Mid-term evaluation of the CEP of the Flemish region (9)	As above (2)	<p>No major adjustments of the programme necessary. Recommendations (points below not exhaustive):</p> <ul style="list-style-type: none"> <li>- Improve internal coherence: Objectives of the priorities and of the thematic are not always coherent (e.g. Supporting energy efficiency of housing under priority Innovation).</li> <li>- Consult external expertise for setting the targets in a meaningful way.</li> <li>- Improve the synergy of the projects by considering the possibility of a portfolio approach.</li> </ul>	(3)	Available at DG Regional Policy <a href="http://ec.europa.eu/regional_policy/">http://ec.europa.eu/regional_policy/</a>
Analyse de la plus-value générée par les portefeuilles de projets et projets uniques dans le cadre des Programmes Opérationnels FEDER 2007-2013 Convergence, Compétitivité régionale et emploi – Part 1  2010  (Part 2 is planned in 2013)	Thematic evaluation on project portfolios (9)	Assess the value added of project portfolios in the following policy areas in comparison of "single project approach": advanced support, research centres, training and competence centres, regeneration of old industrial land, accessibility and equipment in business areas, the regenerating urban centre (1)	The project portfolio approach contributes to increase synergies with other measures of the programme and helps in social networking.	(3)	<a href="http://europe.wallonie.be/">http://europe.wallonie.be/</a>
Evaluation des résultats des actions cofinancées par le FEDER 2007-2013 en matière de stimulation de l'entrepreneuriat, de la création, de développement et de transmission d'entreprises dans	Evaluation of the advanced support services to companies and entrepreneurs co-financed by the	Assess the pertinence of projects and actions carried out to provide advanced support services, their effectiveness and efficiency and the results achieved	There is too little common approach and information sharing among operators delivering the services. The services provided correspond broadly to the needs of companies.	(3)	<a href="http://europe.wallonie.be/">http://europe.wallonie.be/</a>

Title and date of completion	Policy area and scope (*)	Main objective and focus (*)	Main findings	Method used (*)	Link to publication
le cadre des programmes opérationnels «Convergence» » et «Compétitivité régionale et emploi» - Part 1 2010	ERDF (measure 1.3. of the CP and the CEP) (2)	(2)			

Note: (\*) Legend:

**Policy area and scope:** 1. RTDI; 2. Enterprise support and ICT; 3. Human Resources (ERDF only); 4. Transport; 5. Environment; 6. Energy; 7. Territorial development (urban areas, tourism, rural development, cultural heritage, health, public security, local development); 8. Capacity and institution building; 9. Multi-area (e.g. evaluations of programmes, mid-term evaluations); 10. Transversal aspects (e.g. gender or equal opportunities, sustainable development, employment).

**Main objective and focus:** 1. assess the arrangements and procedures for managing or administering programmes; 2. support monitoring, or check the progress made in implementing programmes, such as many mid-term evaluations; 3. assess the outcome or effects of programmes in terms of the results achieved and their contribution to attaining socio-economic policy objectives.

**Method used:** 1. Counterfactual; 2. Cost-benefit analysis; 3. Other quantitative; 4. Qualitative.

## Annex 3 - Tables

See Excel Tables 1-4:

Excel Table 1 – Regional disparities and trends

Excel Table 2 – Macro-economic developments

Excel Table 3 - Financial allocation by main policy area

Excel Table 3cbc - Financial allocation by main policy area – cross border cooperation

Excel Table 4 - Commitments by main policy area (by end-2012)

Excel Table 4cbc - Commitments by main policy area (by end-2012) – cross border cooperation

### Annex Table A – Allocation of ERDF by policy area – end 2012

	Flemish region CEP	Walloon region CEP	Brussels region CEP	Hainaut CP	Total Belgium	Flemish region CEP	Walloon region CEP	Brussels region CEP	Hainaut CP	Total Belgium
	ERDF allocation end-2012 (EUR million)					distribution end-2012 (%)				
<b>1. Enterprise environment</b>	<b>103</b>	<b>162</b>	<b>32</b>	<b>280</b>	<b>577</b>	<b>51</b>	<b>57</b>	<b>55</b>	<b>62</b>	<b>58</b>
1.1 RTDI and linked activities	31	64	16	72	182	15	23	27	16	18
1.2 Support for innovation in SMEs	64	28	5	47	143	32	10	8	10	14
1.3 Other investment in firms	4	70	12	161	247	2	25	20	36	25
1.4 ICT and related services	5	0	0	0	5	2	0	0	0	1
<b>2. Human resources</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>0</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>13</b>	<b>0</b>	<b>1</b>
2.1 Education and training	0	0	5	0	5	0	0	8	0	0
2.2 Labour market policies	0	0	3	0	3	0	0	5	0	0
<b>3. Transport</b>	<b>11</b>	<b>22</b>	<b>0</b>	<b>22</b>	<b>56</b>	<b>6</b>	<b>8</b>	<b>0</b>	<b>5</b>	<b>6</b>
3.1 Road	0	7	0	7	14	0	3	0	2	1
3.2 Rail	0	0	0	0	0	0	0	0	0	0
3.3 Other	11	15	0	15	42	6	5	0	3	4
<b>4. Environment and energy</b>	<b>33</b>	<b>24</b>	<b>5</b>	<b>42</b>	<b>104</b>	<b>16</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>11</b>
4.1 Energy infrastructure	9	6	4	12	31	4	2	7	3	3
4.2 Environmental infrastructure	24	18	1	30	74	12	6	2	7	7
<b>5. Territorial development</b>	<b>45</b>	<b>71</b>	<b>11</b>	<b>101</b>	<b>228</b>	<b>22</b>	<b>25</b>	<b>19</b>	<b>22</b>	<b>23</b>
5.1 Tourism and culture	1	21	0	41	63	0	7	0	9	6
5.2 Planning and rehabilitation	44	42	9	53	148	22	15	16	12	15
5.3 Social infrastructure	0	8	2	7	17	0	3	3	2	2
5.4 Other	0	0	0	0	0	0	0	0	0	0
<b>6. Technical assistance</b>	<b>8</b>	<b>3</b>	<b>2</b>	<b>5</b>	<b>18</b>	<b>4</b>	<b>1</b>	<b>4</b>	<b>1</b>	<b>2</b>
<b>Total Objective</b>	<b>201</b>	<b>283</b>	<b>58</b>	<b>449</b>	<b>990</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: own calculations based on DG Regional Policy data.



**Annex Table B – Planned and actual implementation rates (AIRs 2009, 2010, 2011, 2012)**

	2007	2008	2009	2010	2011	2012	2013
<b>"planned" implementation rate: planned expenditure in percentage of total allocation</b>							
Hainaut	26	48	67	82	92	98	100
Walloon region	13	26	40	54	69	84	100
Brussels region	13	27	41	55	70	85	100
Flemish region	13	27	41	55	70	85	100
<i>Total Belgium</i>	19	37	53	67	80	91	100
CBC-Vlaanderen-Nederland	13	27	40	55	69	84	100
CBC-France-Wallonie-Vlaanderen	13	27	40	55	69	84	100
<b>"actual" implementation rate: actual expenditure in percentage of total allocation</b>							
Hainaut			18	22	43 (30)	62 (44)	
Walloon region			14	17	24	41	
Brussels region			7	11	26	40	
Flemish region			7	26	46	61	
<i>Total Belgium</i>			14	21	36 (31)	53 (46)	
CBC-Vlaanderen-Nederland			10	15	42	64	
CBC-France-Wallonie-Vlaanderen			7	20	36	54	
<b>implementation "gap": difference between "planned" and "actual implementation rate</b>							
Hainaut			49	60	49 (62)	36 (54)	
Walloon region			26	37	45	43	
Brussels region			34	44	44	45	
Flemish region			34	29	24	24	
<i>Total Belgium</i>			39	46	44 (49)	38 (45)	
CBC-Vlaanderen-Nederland			30	40	27	20	
CBC-France-Wallonie-Vlaanderen			33	35	33	30	

Source: own calculations based on DG Regional Policy data.

Note: in brackets adjusted values taking account of the cut-back in national public co-funding for the CP Hainaut in 2011.

**Annex Table C - Broad policy areas and correspondence with fields of intervention (FOI)**

Policy area		Code	Priority themes	
1. Enterprise environment	RTDI and linked activities	01	R&TD activities in research centres	
		02	R&TD infrastructure and centres of competence in a specific technology	
		05	Advanced support services for firms and groups of firms	
		07	Investment in firms directly linked to research and innovation (...)	
		74	Developing human potential in the field of research and innovation, in particular through post-graduate studies ...	
	Innovation support for SMEs	03	Technology transfer and improvement of cooperation networks ...	
		04	Assistance to R&TD, particularly in SMEs (including access to R&TD services in research centres)	
		06	Assistance to SMEs for the promotion of environmentally-friendly products and production processes (...)	
		09	Other measures to stimulate research and innovation and entrepreneurship in SMEs	
		14	Services and applications for SMEs (e-commerce, education and training, networking, etc.)	
		15	Other measures for improving access to and efficient use of ICT by SMEs	
	ICT and related services	11	Information and communication technologies (...)	
		12	Information and communication technologies (TEN-ICT)	
		13	Services and applications for citizens (e-health, e-government, e-learning, e-inclusion, etc.)	
	Other investment in firms	08	Other investment in firms	
	2. Human resources	Education and training	62	Development of life-long learning systems and strategies in firms; training and services for employees ...
			63	Design and dissemination of innovative and more productive ways of organising work
			64	Development of special services for employment, training and support in connection with restructuring of sectors ...
			72	Design, introduction and implementing of reforms in education and training systems ...
73			Measures to increase participation in education and training throughout the life-cycle ...	
Labour market policies		65	Modernisation and strengthening labour market institutions	
		66	Implementing active and preventive measures on the labour market	
		67	Measures encouraging active ageing and prolonging working lives	
		68	Support for self-employment and business start-up	
		69	Measures to improve access to employment and increase sustainable participation and progress of women ...	
		70	Specific action to increase migrants' participation in employment ...	
		71	Pathways to integration and re-entry into employment for disadvantaged people ...	
		80	Promoting the partnerships, pacts and initiatives through the networking of relevant stakeholders	
3. Transport	Rail	16	Railways	
		17	Railways (TEN-T)	

Policy area		Code	Priority themes
		18	Mobile rail assets
		19	Mobile rail assets (TEN-T)
	Road	20	Motorways
		21	Motorways (TEN-T)
		22	National roads
		23	Regional/local roads
		24	Cycle tracks
	Other transport	25	Urban transport
		26	Multimodal transport
		27	Multimodal transport (TEN-T)
		28	Intelligent transport systems
		29	Airports
		30	Ports
		31	Inland waterways (regional and local)
32		Inland waterways (TEN-T)	
4. Environment and energy	Energy infrastructure	33	Electricity
		34	Electricity (TEN-E)
		35	Natural gas
		36	Natural gas (TEN-E)
		37	Petroleum products
		38	Petroleum products (TEN-E)
		39	Renewable energy: wind
		40	Renewable energy: solar
		41	Renewable energy: biomass
		42	Renewable energy: hydroelectric, geothermal and other
	43	Energy efficiency, co-generation, energy management	
	Environment and risk prevention	44	Management of household and industrial waste
		45	Management and distribution of water (drink water)
		46	Water treatment (waste water)
		47	Air quality
		48	Integrated prevention and pollution control
		49	Mitigation and adaption to climate change
		50	Rehabilitation of industrial sites and contaminated land
		51	Promotion of biodiversity and nature protection (including Natura 2000)
		52	Promotion of clean urban transport
53		Risk prevention (...)	
54	Other measures to preserve the environment and prevent risks		
5. Territorial development	Social Infrastructure	10	Telephone infrastructure (including broadband networks)
		75	Education infrastructure
		76	Health infrastructure
		77	Childcare infrastructure
		78	Housing infrastructure
		79	Other social infrastructure
	Tourism and culture	55	Promotion of natural assets
		56	Protection and development of natural heritage

Policy area		Code	Priority themes
		57	Other assistance to improve tourist services
		58	Protection and preservation of the cultural heritage
		59	Development of cultural infrastructure
		60	Other assistance to improve cultural services
	Planning and rehabilitation	61	Integrated projects for urban and rural regeneration
	Other	82	Compensation of any additional costs due to accessibility deficit and territorial fragmentation
		83	Specific action addressed to compensate additional costs due to size market factors
6. Technical assistance		84	Support to compensate additional costs due to climate conditions and relief difficulties
		81	Mechanisms for improving good policy and programme design, monitoring and evaluation ...
		85	Preparation, implementation, monitoring and inspection
		86	Evaluation and studies; information and communication