

**COPIE ACTION PLANNING GROUP  
WALONNIA BASELINE REPORT**

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## Introduction

Wallonia has a population of approximately 3.4 million inhabitants, i.e. 32.4% of the Belgian population. This population is constantly growing (+4% in ten years). The active population is composed of 1.45 million people. Total domestic employment is close to 1.15 million and the active population in employment is close to 1.3 Million.

At the time of the agreement of its Operational programme it identified the following critical issues to be addressed;

The francophone (southern) area of Belgium is going through major economic restructuring, a process that has underlined the need for a more qualified workforce. A number of employment figures highlight the challenges of this vital transition, which is shaping the Walloon region.

Wallonia has lower employment and higher joblessness than either Belgium as a whole or the EU-25 average, with the worst figures recorded in Hainaut. Youth employment levels are particularly low compared to the rest of Europe, indicating a gap between training and available work in terms of skills and mobility, although employment has improved slightly for young people in Brussels.

The whole French-speaking area of Belgium saw increases in job rates between 1999 and 2004, largely thanks to more women and older workers getting jobs. In addition, the number of youngsters leaving school without lower secondary diplomas has fallen. The share of job-seekers without qualifications fell from 1999 to 2004.

Most people receiving social benefits are women, followed by young people aged 18 to 24 who make up almost half the total number.

Overall, the direction of change shows that reforms are in progress and are working; the challenge is to maintain the momentum.

At the other end of the spectrum, demographic changes are clearer than ever and need urgent attention. The share of Belgians over 60 years of age is set to rise from 22% in 2005 to over 30% by 2030, reaching a third of the population by the middle of the century. However, job rates are very low among older workers, in particular among women, and need to be turned around throughout Belgium in the years to come.

Whilst these fundamental issues have remained the case clearly the recession has brought with it rising unemployment particularly amongst the young. Industry as a whole has been hit very hard. The table below highlights the industrial structure of Wallonia prior to the current recession with education, health and social action, collective, social and personal services and public administration together representing almost 38% of domestic employment in Wallonia.

Wallonie		
Activités	Chiffres absolus	Part en %
Agriculture, chasse, sylviculture	24 099	2,17%
Pêche	113	0,01%
Industries extractives	2 486	0,22%
Industrie manufacturière	142 072	12,80%
Production et distribution d'électricité, de gaz et d'eau	7 864	0,71%
Construction	71 314	6,43%
Commerce, réparations d'automobiles et d'articles domestiques	152 542	13,75%
Hôtels et restaurants	34 063	3,07%
Transports et communications	73 156	6,59%
Activités financières	20 769	1,87%
Immobilier, location et services aux entreprises	143 026	12,89%
Administration publique	128 382	11,57%
Education	103 212	9,30%
Santé et action sociale	143 297	12,91%
Services collectifs, sociaux et personnels	42 395	3,82%
Services domestiques	20 927	1,89%
<b>Total</b>	<b>1 109 717</b>	<b>100,00%</b>

Source : ICN, Comptes régionaux 1995-2004, BNB, mars 2006 – Calculs : IWEPS

Overall, self employed people represent 18.2% in Wallonia (ICN, 2004). This percentage varies considerably from one sector to

another. The highest percentage is 46% in the real estate, rental and corporate services sector and is above the average in the HORECA (hotels restaurants and cafés), commerce and construction sectors. Over a ten year period (1994-2005), the relative proportion of self employed people has fallen (-9.6%) in favour of people in salaried employment (+10.3%).

## The Administrative Structure

The Walloon Region is one of the three Regions that make up the Federal Belgian State, the other two being the Flemish Region and the Brussels-Capital Region.

The Walloon Region exercises:

- 1) The regional competencies attributed to it by law,
- 2) The community competencies that have been transferred to it by the French Community.

1) Those regional competencies essentially are: town and country planning, the environment, agriculture, housing, public works, transport, regional aspects of the economic policy, foreign trade, employment policy, regional aspects of the energy policy, organization and supervision of the local authorities, property belonging to the various religious groups, scientific research relating to regional matters, international relations relating to regional matters.

2) Those community competencies transferred by the French Community essentially are: some cultural matters (sports infrastructures, tourism, social promotion and occupational training and redeployment), school transport and nearly all personal matters (health policy except for university hospitals, family policy except for the Child Welfare Authority (ONE), social welfare, integration of immigrants, disabled persons and senior citizens). In this case, the Walloon Region exercises its competencies only in the French linguistic region.

The political institutions of the Walloon Region are the Walloon Parliament, and the Walloon Government- Both are based in Namur, the capital of the Walloon Region.

**The Walloon Parliament** is composed of 75 members, elected every five years by direct universal suffrage, it essentially exercises two functions:

- As an instrument of legislative power, it discusses and passes decrees, and can take the initiative to draw them up.
- As a control body for the executive power, it controls the Walloon government, which it is accountable to it. This control is exercised, in particular, via the vote on budgets and accounts, the vote on motions of confidence or no confidence, parliamentary questions, etc. The Walloon Parliament elects the members of the Walloon Government, who are not necessarily members of Parliament.

**The Walloon Government** participates in legislative power and, like the Parliament; it can take the initiative to draw up decrees. As an executive power, it issues the orders necessary for the application of the decrees.

Decided in 2006, the reorganization of the Walloon Administration became reality. Now merged, the former Ministry of Equipment and Transport (MET) and the former Ministry of the Walloon Region (MRW) form a single entity: **WALLONIA PUBLIC SERVICE (SPW)**. The SPW is composed of a General Secretariat, two Transversal Directorates and seven Operational Directorates General For the organizational chart see Annex 2. For the Operational Directorate General for Economy, Employment and Research (DGO 6)

[http://economie.wallonie.be/O2PolEco/PolEco\\_Accueil.htm](http://economie.wallonie.be/O2PolEco/PolEco_Accueil.htm)

The Structural Funds (except ESF) are managed by a Department within the General Secretariat.

<http://europe.wallonie.be/apps/spip/>

**The European Social Fund Agency** is a separate management service of the French Community of Belgium whose role is to manage European aid for the development of human resources. It operates under the authority of a management committee composed in particular of representatives of the ministers of the 3 governments:

- Walloon Region
- French Community
- COCOF (Brussels-Capital Region)

For the 2007-2013 Programmes, the ESF Agency manages the actions of the European Social Fund in the framework of the operational programmes for Convergence for Hainaut and for Regional Competitiveness and Employment for the Walloon Region and the Wallonia-Brussels Community (Cocof) excluding Hainaut. The ESF Agency participates in the preparation and coordination of the programmes of the European Social Fund and is responsible for the administrative and financial management, monitoring, control and evaluation of the said programmes.

## **The role of ESF in supporting entrepreneurship**

In the framework of the 2007-2013 programmes of the structural funds, the European Union and the Walloon Region are working in partnership to finance regional development projects under two objectives: the Convergence Objective and the Regional Competitiveness & Employment Objective.

The Convergence Objective focuses on the province of Hainaut. With a budget of 1.5 billion Euros, its aim is to strengthen convergence between Member States or regions by improving growth and employment conditions.

The Regional Competitiveness & Employment Objective concerns the rest of Wallonia. With a budget of 1.3 billion Euros, its aim is to make the regions more attractive and boost employment by anticipating economic and social changes.

The European Union's action is channelled via two funds, namely the ERDF (European Regional Development Fund) and the ESF (European Social Fund).

To contribute to the Community objectives, the Walloon government has determined its projects and its strategy which are fully in line with the Marshall Plan and the transversal strategic plans. It has pursued this objective with considerable vigour and has allocated all of its resources following two calls of projects. The Marshall plan shall be covered later in the report as it plays a critical role in joining up services. An outline of the projects shall be given after an explanation of the structure of ESF and ERDF.

The priorities form 4 axes: supporting start-ups and job creation; developing human capital, knowledge, knowhow and research; social inclusion; and finally fostering balanced, sustainable territorial development. Axis 1 is the most relevant to COPIE and consequently it is described in more detail. .

### **Axis 1: Supporting start-ups and job creation (175m Euros ESF)**

Three measures are supported by the ESF:

#### **-1 Training and support actions intended to satisfy the needs of businesses.**

To this end it helps to develop systems for anticipating economic changes and future requirements in terms of jobs and skills, as well as education strategies for lifelong learning in companies, with a view in particular to stepping up employees' adaptability to change. In this preventive and forward-looking approach, special attention is also paid to promoting entrepreneurship, self-employment and start-ups.

This aim of this priority is to meet training needs, support companies and promote entrepreneurship, thereby supplementing measures undertaken as part of the ERDF operational programme. For their part, ERDF initiatives relate more specifically to the Financing of companies and support services geared towards companies and entrepreneurship.

#### **- 2 Actions intended to provide a framework to support start-ups and future self employed people.**

To this end it helps to develop systems for anticipating economic changes and future requirements in terms of jobs and skills, as well as education strategies for lifelong learning in companies, with a view in particular to stepping up employees' adaptability to change. In this preventive and forward-looking approach, special

attention is also paid to promoting entrepreneurship, self-employment and start-ups.

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While the measure supports start-ups, it is also supports projects seeking to improve the management of resources within companies, in particular within SMEs and helps to ensure that various considerations are taken into account in human resources management training.

### **- 3 Developing entrepreneurship.**

Projects and initiatives aimed at raising awareness about and supporting start-ups.

- raise awareness about entrepreneurship;
- create self-employment opportunities and business start-ups;
- create social enterprises, and more particularly reintegration companies with a special focus on poorly-qualified people, in compliance with European competition regulations.

Activities focus on support for self-employed people starting up in business and future business leaders. Support for start-ups also covers support for projects that lead to the creation of jobs such as, for example, spinning-off business creation initiatives and the creation of jobs in a given sub-region.

**Axis 2: developing human capital, knowledge, knowhow and research (460m Euros ESF)**

**Axis 3: social inclusion (380m Euros ESF)**

Supported by the ESF:

- The absorption into employment of the long-term unemployed, in particular the youngest and oldest age groups, disabled people, vulnerable people and immigrants.

**Axis 4: fostering balanced, sustainable territorial development**

Supported by the ERDF (see section on ERDF below)

## **Role of ERDF in supporting Entrepreneurship**

The Operational Programme has four priorities:

### **Priority 1: Job and business creation -223m euro**

The Meuse-Vesdre basin is experiencing difficulties replacing its declining heavy industry by new activities. It is therefore vital to develop new activities in sectors promising growth and jobs whilst preserving the existing fabric. It is essential to turn towards newer and more dynamic segments where the skills acquired will be better used. The priority is business start-ups bringing real added value through their work and which contribute to job creation.

The rural areas are characterised by the fragmentation of their productive capacity and the insufficiency of their industrial fabric. The aim is to enhance the economic environment through the implantation of larger enterprises and the development of businesses already operating in these areas, in particular by way of interaction with existing activities and markets in urban areas. To attain these objectives, original and innovative financial support services for businesses and services to promote entrepreneurship will be needed.

### **Priority 2 : Development of human capital, knowledge, know-how and research -178m euro**

This priority is devoted to the development and exploitation of research and technological innovation potential, non-technological innovation and the development of successful skills training infrastructures.

Specifically, Priority 2 focuses on:

- direct support for R&D projects conducted by SMEs;
- strengthening approved research centres and the services subsequently made available to enterprises in the area;
- Creating effective infrastructures for the dissemination of knowledge associated with new technologies to the active population and young people.

### **Priority 3: Balanced and sustainable territorial development 312m euro**

The aim of this priority is to revitalise the Liège metropolitan area by developing competitive infrastructures, urban regeneration and the reclaiming of derelict industrial and urban land. These activities are a vital step towards revitalising Liège and making it more international. In parallel, activities will be supported in rural areas.

Another aim of this priority is to support integrated urban renewal and cultural and heritage development projects. Three categories of action will therefore be given preference:

- reclamation and reuse of derelict industrial and urban land;
- development of competitive infrastructures;
- Support for integrated urban renewal and territorial attractiveness policies.

Projects developed under this priority will have to incorporate, taking a horizontal approach, the aspects associated with territorial development, urban renewal, the quality and protection of the environment, the exploitation of renewable energies and the efficient use of energy.

### **Priority 4: Technical assistance 7m euro**

This priority will provide support for the introduction of an effective management, monitoring and control system to evaluate the programme

and its projects and handle its communication and promotion.

### **Projects to date**

As was indicated earlier all of the resources have now been allocated ,in the first call 54 ESF projects concerned with start ups and job creation and in the second call a further 17 projects. The majority of the spend (60%) has been on assisting existing sme's with training and support with the remainder fairly equally divided between start up support and entrepreneurship promotion. Key project sponsors include IFAPME , FOREM and UWE/VLAO. It is particularly encouraging that it has been decided to bring together projects into portfolio groups and consequently in the very near future COPIE should have a mechanism by which it can engage seeking to support start ups or promote entrepreneurship.

It is of equal importance that the Walloon Government has recognized the need to join up activity in a way which to date has not occurred .The publication of a commonly owned vision, "the Marshall plan" and a single structure within which to deliver it, the Agence de Stimulation Economique both provide considerable cause for optimism that the kind of action planning that COPIE would like to see is a real possibility in Wallonia.

## Joining the support up

In 2005 the government of Wallonia published a seminal document "Focusing Our Energy, Priority actions for the future of Wallonia", better known as the Marshall Plan.

Its stated intent was to boost regional development by implementing strong, selective measures, accompanied by appropriate funding. In selecting the measures to be implemented, priority is given to their structuring aspects. The government's intention is to focus resources on ambitious measures capable of producing a real change in mindsets and above all in the economic context, so as to have a real influence on the confidence of citizens and economic operators.

In this context, the Agency for Economic Stimulation was set up in February 2006 by decree.

Because of the historical fragmentation of the economic promotion sector, the approach of operators in the sector was too narrow, both geographically and as regards the complementary nature of their actions. On the one hand, their actions sometimes overlapped to the detriment of the quality of the services offered to the initiators of projects and businesses, while on the other hand there were shortcomings in the services offered.

A strategic vision and coordination at the level of Wallonia was lacking. This strategic responsibility has been entrusted to the ASE.

This economic promotion policy covers all public actions intended to boost and develop the endogenous potential and resources of Wallonia.

The ASE is charged with implementing the economic stimulation strategy, which includes:

- economic promotion: a series of tools and services aimed at project initiators and entrepreneurs and intended to raise their awareness about the creation of economic activities in Wallonia and to support them throughout the life line of their business;
- raising awareness about entrepreneurship and start-ups: a series of tools and services aimed at young people and project initiators in order to make them more creative and more entrepreneurial and to boost their confidence in all their undertakings.

The Agency's role is to structure and coordinate a series of tools and services aimed at project initiators and entrepreneurs.

Through its actions and those of its partners, the ASE's role, at the level of Wallonia, is to reform existing systems so as to ensure the availability of a full range of appropriate services, based on complementarity and not competition.

The ASE's objectives are to raise awareness among young people about entrepreneurship and develop an environment that is favourable for entrepreneurship. It advises the Walloon government and implements development synergies with other stakeholders, in Belgium and Europe.

It is in this context that the Walloon government describes the ASE as the "umbrella body of economic stimulation", because of the networking that it facilitates and stimulates.

The ASE's actions are transversal since they cover the whole of Wallonia. It does not substitute itself for other operators, but integrates each of them as members of its operational network. The ASE reorganises activities and support services for business creation, growth and transfers, in accordance with the life line of the business:

- by regularising the number of operators,
- Via the professionalisation, specialisation and complementarity of the services offered by operators, via 6 Local Coordination Structures (SLC), local ASE relays in the field;
- By developing and putting in place new programmes to overcome shortcomings in existing services, in particular as regards:
  - \_ entrepreneurship
  - \_ start-ups
  - \_ aid for businesses: grants and mechanisms
  - \_ strategic intelligence
  - \_ inter-regional collaboration

The aim is to optimise the use of public funds and maximise the value added in terms of economic development and job creation. Through the systematic evaluation of the actions implemented and by pursuing an objective of ongoing improvement, its aim is to promote a spirit of excellence, for both itself and the economic operators under its umbrella.

The culture of evaluation is a transversal value which applies to the ASE and the 6 SLCs and their operators. The ASE puts in place, with the cooperation of the 6 SLCs, a consolidated system for monitoring and improving the services offered by related operators.

The 6 SLCs use the same evaluation method: each of them now presents its actions in a clear and structured way accompanied by an operating report. This sets out the objectives and indicators of accomplishments and results.

The operating reports have the following aims:

- To present, at regular intervals, an overview of the results of current actions being implemented by operators coming under each SLC;
- To assess the progress achieved, identify problems and estimate the correct use of resources and budgets with a view to achieving their objectives;

- To suggest corrective or complementary actions.

ASE has many many objectives which match those of COPIE and its engagement would be fundamental to the success of the action planning group .ASE also has an Entrepreneurship Support Committee. This consultative, advisory and support body, brings together the ASE representing economic promotion operators, the representatives of the various education networks (primary, secondary, higher non-university, university) and training sector institutions (FOREM, IFAPME).

## Conclusion

There is much that the key stakeholders in Wallonia are trying to achieve that matches what COPIE wishes to do.

At the level of the European Social fund, the stimulation of business creation is for the first time identified as a specific measure.

The Walloon Government has also engaged the advice of independent academic experts and of employers through a taskforce directly appointed by them. The taskforce has given their advice concerning which projects are likely to bring the best value to the Walloon economy and the vast majority of their recommendations (circa 90%) have been agreed. This taskforce will remain to give advice throughout the programme.

There is also a strong intent to promote the sharing of good practices at the level of individual projects by grouping them together into common portfolio (business start-up, social economy, culture, education and pre-start training). These groups once created could work very closely with COPIE.

Whilst ESF and ERDF are managed by separate organizational groups the President of Wallonia is the Managing Authority for them both and there is a clear desire from a wide range of organizations to ensure that Wallonia focuses the energies of all toward a small number of priorities.

The Marshall Plan was launched in 2005, it highlights priorities and pledges 1 billion Euros to resource this activity. The two priorities through which all actions will be delivered are firstly, a

sectoral approach to the development of existing enterprises and secondly, the creation of business opportunities and promotion of an entrepreneurial spirit.

Much of the vision of the Plan is shared by the COPIE action planning group.

*"It was up to the Government to set an example, and it is doing so by stimulating a collective movement involving all the players responsible for Wallonia's dynamism.*

*It is therefore a question of governing in a different way, by systematically applying a joined-up, horizontal, global approach to each policy in preparation. The intention is to take into account all the effects a decision may have on every area of society.*

*.....It is about Joined-up thinking and strict management Joined-up thinking between regional policies, co-ordinated horizontally around several precise key areas, but also through synergies between the Walloon Region and the French-Speaking Community, especially through the co-financing of measures.*

*...Because of the historical fragmentation of the economic promotion sector, the approach of operators in the sector was too narrow, both geographically and as regards the complementary nature of their actions. On the one hand, their actions sometimes overlapped to the detriment of the quality of the services offered to the initiators of projects and businesses, while on the other hand there were shortcomings in the services offered.*

*...A strategic vision and coordination at the level of Wallonia was lacking. This strategic responsibility has been entrusted to the ASE."*

It is clear that the ASE alongside the ESF managing agency and its portfolio groups of projects could provide the basis of a

COPIE stakeholder group and that there is considerable potential both to contribute to and learn from the activities of the the COPIE Action Planning Group .