

Walloon Public Service - Department for the Coordination of
Structural Funds

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**Preliminary evaluation of
implementation of territorial
development (ERDF programme
2021-2027)**

Executive Summary
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BDO Advisory

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1. INTRODUCTION

This document is a summary of the final preliminary evaluation report with a view to providing a basis for further reflection on implementation of territorial development under the ERDF programme 2021-2027 based on its implementation through priority axes 3 “Territorial Intelligence 2020”, 4 “Transition to a low-carbon Wallonia” and 5 “Integrated Urban Development 2020” of the ERDF Operational Programme 2014-2020, “Wallonia 2020 EU”. This evaluation was carried out between August 2019 and February 2020 and falls within the broader context of the next ERDF programme 2021-2027.

In accordance with the evaluation plan for the ERDF Operational Programme 2014-2020, it was decided to carry out an evaluation of the processes underlying the territorial development policy as implemented within the framework of this programme, from identification of strategic priority axes to the selection of projects enabling the strategy to be realised.

- Scope of evaluation

This evaluation therefore focuses on priority axes 3, 4 (excluding measures 4.2.1, 4.2.2 and 4.2.4) and 5 of the ERDF Operational Programme 2014-2020. The analyses, findings and conclusions stated in the evaluation report are to be understood within this scope.

It should also be noted that an evaluation of the impacts and results of the projects that make up the Operational Programme is premature for axes 3, 4 and 5. The achievements and results are not therefore the focus of this evaluation.

- The challenge of the evaluation

The intervention involves a dual challenge:

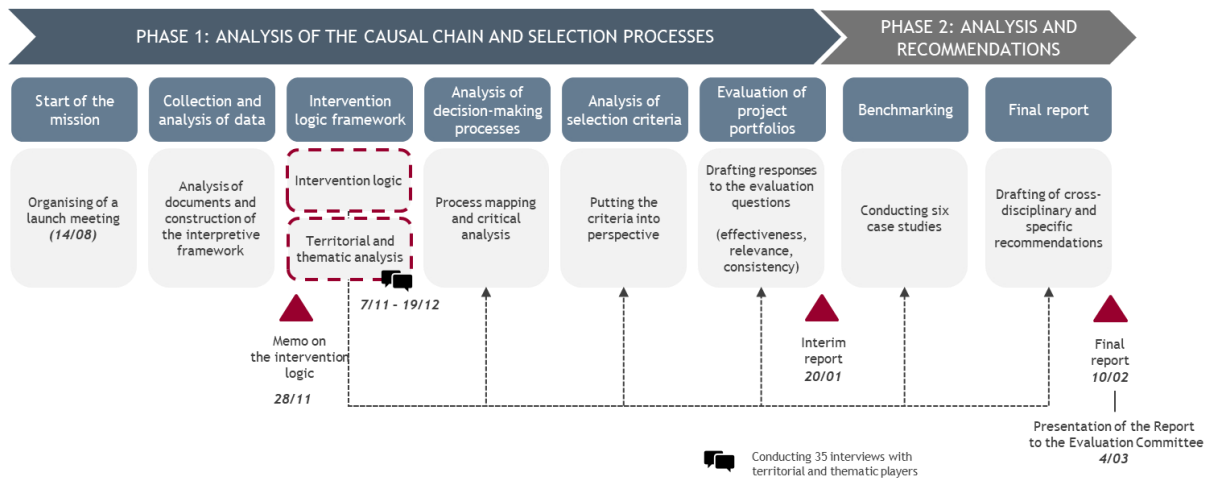
- (1) On the one hand, it is about taking an independent look at the way in which the priority axes of the Operational Programme reflect the **Walloon strategy** of territorial development in accordance with the European guidelines for the programme.
- (2) On the other hand, it also involves assessing the extent to which the priority axes and the specifically territorial measures of the Operational Programme, as well as the processes used to select beneficiaries, need to be adapted in preparation for the next 2021-2027 programme, in terms of both content and form:
 - In terms of content: the analysis focuses on the implementation, by territory and by theme, of the territorial development strategy pursued during the 2014-2020 programme and on the ability to integrate within a framework of renewed objectives with greater emphasis on climate ambition and innovation through the 2021-2027 programme;
 - In terms of form: the selection of projects and the portfolio logic, the involvement of territories and urban centres, the mobilisation of a task force and the choice of selection criteria are all specific provisions that have featured in the project selection process for the programme period now coming to an end. What are the effects, the added value for the projects and for Wallonia?

In this respect, the evaluation is partly about analysing the effectiveness of the Operational Programme and the priority axes and measures concerned, and entirely about analysing their

internal and external consistency as well as their relevance with regard to the new European and Walloon priorities.

2. METHODOLOGY USED

The working methodology was applied in two phases: an analysis of the causal chain and selection processes and another phase dedicated to recommendations.



After a meeting with the contracting authority and an initial analysis of the documentation at our disposal, we set about constructing the intervention logic framework. This step was divided into two parts:

- (1) The creation of a frame of reference for the evaluation in the form of an objective tree for the Operational Programme: this first step allowed us to familiarise ourselves with each of the priority axes concerned by the evaluation;
- (2) The conducting of 35 interviews with regional and thematic Programme players.

We then analysed the decision-making process and the selection criteria. The project selection decision-making process was reviewed, described and mapped. Based on this mapping, we proposed a series of improvements to be implemented. We subsequently analysed the selection criteria in order to determine whether they needed to be adapted in light of how they were previously applied and the new guidelines in the regulations.

Next, based on this important work to collect and structure the information, we drafted the responses to the evaluation questions. The purpose of this step is to evaluate the selected project portfolios based on the previously defined criteria: effectiveness, relevance and consistency.

Finally, beyond the lessons to be learned from the decision-making process and from implementation of the territorial development strategy in Wallonia, it is interesting to see how other European players have, in their own context but with identical regulatory frameworks, been able to develop other ways of involving partners or selecting Programme operators. To do this, a comparative analysis (benchmark) was carried out with six European regions and helped to inform the recommendations (Brussels-Capital Region, Flanders Region, Hauts de France, South and West Netherlands, North Rhine-Westphalia, Wales). This analysis focused on five main points: integrated territorial investments, sustainable urban development, the expected

results and the resources deployed from ERDF funding within the territory, the type of project sponsors and, finally, the selection process.

The evaluation enabled us to formulate recommendations for preparatory work on the implementation of territorial development during the next ERDF programme period (2021-2027). These recommendations are of two types: cross-disciplinary and specific.

3. RECOMMENDATIONS

3.1. Cross-disciplinary recommendations

The cross-disciplinary recommendations call for the introduction, at Walloon level, of a common strategic approach for all operators and more specifically for urban centres.

- We recommend establishing a preliminary selection stage consisting of defining the strategy for urban centres. This stage will enable the region, on the one hand, to highlight the themes common to each of the strategies in order to envisage the creation of common thematic portfolios and, on the other hand, to develop more synergies throughout the territory. The quality of the territorial analysis will enable the managing authority to assess the maturity of the candidate territory and, where necessary, exclude it from the selection process;
- A standardised **framework** for all entities wishing to submit a strategy will be proposed. The Region will judge them on the basis of objective, transparent and unambiguous criteria. The strategy submission stage, via the framework, will:
 - o Enable the maturity of the regional development strategy for urban centres to be assured,
 - o Ensure that the strategy is consistent with the Operational Programme and its objectives,
 - o Make the integrated strategy a prerequisite in advance of project selection,
 - o Ensure a strategic vision organised at a consistent and functional scale,
 - o Enable recommendations to be issued for drafting of project fiches,
 - o Enable opportunity effects to be avoided.
- The **urban centres** remain relevant as reference areas for ERDF funding and for focusing financing. They ensure an integrated local strategy but should, under the supervision of sub-regional entities (SRE), precisely identify their perimeter, their area of influence. The municipalities included in this area will then be able to propose projects that fit into this strategy, in synergy with the urban centre. With this in mind, the evaluation report advocates a more balanced territorial division. The Walloon Government has three options:
 - o It can decide to favour an **egalitarian approach**. Each centre is awarded an amount based on pre-defined objective criteria;
 - o Or, it can decide to favour an **equitable approach** with an emphasis on the centres with the lowest socio-economic indicators;
 - o Or, it can decide to prioritise **certain urban centres** as drivers of territorial development in Wallonia. This approach would be adopted with a reliance on the concept of a “territory-based network”.

- The inclusion of **rural areas** in the next programme is possible via the gateway to urban centres, meaning that rural areas will be considered based on their proven link with a centre. The incorporation of Local Action Groups (LAGs) makes it possible to include the smallest municipalities in the programme to a greater extent and to move towards integrated territorial development. However, it would lead to a possible dilution of resources;
- The role of **sub-regional entities (SREs)** has been relevant to ensure consistent projects, in line with regional and European priorities. It is recommended that the SREs be given an advisor role in relation to the centres in drafting their strategy as well as in explaining the strategic approach to the managing authority. The SREs will also draw up a global strategy, highlighting the points common to the different centres within their territory;
- **Project analysis and selection** must be optimised. First, it is essential to ensure that the project meets all the conditions required by the eligibility criteria. These criteria will be preclusive. Next, measurable selection criteria (i.e. a rating will be assigned and justified for each selection criterion) will rank projects in the event of budget overruns and shortlist them for funding. Each of the functional administrations will then define its rating system according to its technical expectations and the related programmes/standards (exceeding a standard, taking into account a strategic objective, inclusion in a strategic plan, etc.);
- **Selection criteria** complementary to those already applicable during the programme will be developed, most notably to ensure greater consistency between the thematic objectives mobilised and the projects selected. Criteria on horizontal principles, environmental impact, compliance with sustainable development, the sustainability of the project once European funding has ended and local partnership dynamics should also be considered;
- Drawing on the concept of **integrated territorial investments (ITI)** is an avenue to be explored to promote the integrated use of European funds and guarantee new synergies between the different funds with a view to achieving a common objective.

3.2. Specific recommendations

Over the course of the evaluation, a series of observations were made, but not all of them were drawn upon to respond to the evaluation questions. However, since we believe they were relevant and that the evaluation would have been incomplete without including the rest of our findings, we have listed the specific recommendations collected throughout the evaluation process below.

Firstly, it seems essential to renew dialogue with the Walloon territories as quickly as possible with a view to preparing the next programme. The aim is to raise awareness of the joint Walloon and European guidelines in the territories. In the event of an enhanced approach via integrated territorial strategies, it seems important to create a dialogue between the managing authority and the territories in order, on the one hand, to have the best possible projects and, on the other, to conceive the best decision-making process for the next programme period.

Regarding the **decision-making process**, the evaluation recommends enhancing the role of the functional administrations, the involvement of which is currently too weak, in particular

because the ERDF programme remains primarily an imposed additional workload and not a process in which they feel included. Greater involvement of the functional administrations in the selection process and the drafting of selection criteria for the OP can resolve this situation. It is also recommended that a practice group be set up to encourage cross-disciplinary specialisation within the administration. It will then be necessary to appoint, within each functional administration, an “ERDF” manager as well as a back-up person.

Regarding the **selection criteria**, the evaluation highlights their lack of clarity. They are not sufficiently explicit to help sponsors access consistent portfolios. Firstly, because the criteria come second when devising projects: potential beneficiaries give priority to projects that are in line with local strategies, regardless of the criteria. Secondly, because the criteria are not always interpreted uniformly by the players. To address these pitfalls, the introduction of a step concerned solely with strategy and the establishment of a community of practice within the WPS seem to be appropriate solutions.

With regard to **thematic concentration**, it has been observed that, in order to achieve similar results, the centres use measures that are sometimes different. This illustrates, on the one hand, the cross-disciplinary nature of the measures and, on the other, the absence of any strict delimitation thereof. A project of the same nature can fall under different measures, which makes it impossible to clearly identify the precise scope of each measure and each theme. Having one or more measures corresponding to a single theme would have several advantages:

- It would be possible to clearly determine the results of a theme;
- Links with regional programmes could be achieved more easily since a regional thematic programme (e.g. energy renovation strategy) could be linked to a single identified theme (e.g. energy);
- It will be easier to define the most relevant functional administrations for monitoring projects and dispensing technical opinions (one measure = one theme = one functional administration);
- The Region will be able to better assess where the needs of the territories lie if there is no - or little - investment in a theme, particularly with a view to the mid-term evaluation provided for in the draft European regulations.

It is recommended, with a view to the next programme, that a more demanding approach be adopted with regard to thematic selection. Priorities, objectives and areas of intervention must be more strictly compartmentalised and/or illustrated by example so that projects can be “classified” in a more relevant way.