

Evaluation of the contribution of Priority Axis 8 REACT-EU to the achievement of the objectives set in the 2014-2020 ERDF Operational Programme “Wallonia-2020.EU”

Executive Summary

1. The ERDF in Wallonia

The 2014-2020 ERDF Operational Programme “Wallonia-2020.EU” is part of the European cohesion policy, which aims to reduce social, economic, and territorial disparities between Member States. In Wallonia, over €1.7 billion, including €681 million in ERDF funding, was allocated to support innovation, SME competitiveness, training, research, and the transition to a low-carbon economy.

The operational programme is structured around several thematic priority axes. Axis 1 supports entrepreneurship and SME competitiveness, while Axis 2 promotes research and innovation. Axis 3 focuses on land-use planning, and Axis 4 on the transition to a low-carbon economy. Axis 5 targets integrated urban development, Axis 6 focuses on skills development, Axis 7 addresses technical assistance, and finally, Axis 8 (REACT-EU) responds to the COVID-19 crisis and strengthens the ecological, digital, and resilient transition of the economy.

2. Evaluation context

The evaluation in question specifically concerns Priority Axis 8 REACT-EU of the 2014-2020 ERDF Operational Programme. In accordance with Regulation (EU) 1303/2013 of the European Parliament and the Council (Article 92 ter), this evaluation examines the effectiveness, efficiency, and impact of REACT-EU resources, as well as their contribution to achieving the expected results. The Evaluation Plan established by the Department for the Coordination of ERDF Programmes of the Public Service of Wallonia provides for an analysis of the effects of this axis through the measures implemented. The evaluation focuses on actions carried out between February 1, 2020, and December 31, 2023.

3. Axis 8 REACT-EU

The European recovery plan, known as “Next Generation EU”, aims to support Member States in addressing the economic and social repercussions of the COVID-19 pandemic. This programme seeks to repair the damage caused by the crisis while accelerating digital and green transitions and strengthening the resilience of European economies. Within this framework, the REACT-EU initiative (Recovery Assistance for Cohesion and the Territories of Europe) was created to provide additional financial support to Member States cohesion programmes.

A budget of over €85 million, allocated in two successive tranches -€65 million and €20 million- was provided to the ERDF Operational Programme Wallonia 2020, leading to the creation of an eighth axis within the programme. This axis aims to strengthen the resilience of the Walloon economy, support the sectors most affected by the pandemic, and promote the ecological and digital transition. REACT-EU aligns with the existing priorities of the 2014-2020 ERDF programme by providing additional resources to accelerate planned actions and address the challenges posed by the health crisis.

Axis 8 REACT-EU focuses on several essential areas within six measures targeting several categories of beneficiaries, including healthcare services, SMEs, universities, research centers, and local authorities. Some measures, such as healthcare equipment (8.1) and digital recovery (8.2), were specifically introduced in response to the COVID-19 crisis. Others, such as those related to innovation and energy efficiency (8.3 to 8.6), build on ongoing projects from the ERDF programme. These measures ensure the continuity of initiatives launched under the 2014-2020 programming period while addressing new challenges created by the pandemic and preparing for a sustainable and resilient recovery.

4. Evaluation Methodology

Phase 1 established a solid foundation for evaluating Axis 8 REACT-EU by validating the methodology, analyzing relevant documents, and defining a logical intervention framework. Scoping interviews were conducted with the coordination administration and functional administrations, alongside the development of a documentary analysis and evaluation framework.

Phase 2 included individual and group interviews with beneficiary representatives, an online survey of final beneficiaries, an internal KPMG expert committee for axis-related themes, and a reflection and discussion meeting to review findings. The evaluation framework is structured around the following key questions:

1. What was the contribution of the REACT-EU measures under Axis 8 of the 2014-2020 ERDF Operational Programme to achieving the overall objectives of this initiative?
2. To what extent did the implemented actions contribute to achieving the targets of the set output and result indicators?
3. To what extent did the short implementation deadlines for the measures under Axis 8, between the launch of the REACT-EU initiative and the end of expenditure eligibility, affect the set results and the type of beneficiaries?
4. To what extent were the results generated by the measures under Axis 8 proportionate to the budget and resources allocated to the REACT-EU initiative?
5. To what extent was the allocation of funds across the various measures under Axis 8 appropriate in relation to the expected objectives?
6. To what extent did the results and impacts of REACT-EU-funded actions address the issues identified in the Programming Addendum, and what other results and impacts can be observed?
 - Sub-question 1: Did the funded actions improve healthcare infrastructure and the well-being of workers?
 - Sub-question 2: Did the funded actions support the digital recovery of SMEs?
 - Sub-question 3: Did the funded actions encourage innovation in healthcare?
 - Sub-question 4: Did the funded actions promote innovation in the digital economy and the transition to a low-carbon economy for SMEs?
 - Sub-question 5: Did the funded actions support the development of tourism and culture?

5. Analysis and conclusions

In the final report, the conclusions are presented by evaluation question, providing a cross-sectional view of the different measures. However, in this executive summary, the conclusions are specifically detailed by measure in order to provide a precise and targeted analysis of each intervention under Axis 8 REACT-EU.

Measure 8.1

Measure 8.1 of the REACT-EU axis was specifically designed to address the urgent need to strengthen healthcare infrastructure in Wallonia, exacerbated by the COVID-19 pandemic. With a substantial budget of €35.4 million, representing 41.5% of the total REACT-EU budget, this measure aimed to improve and expand the capacity of healthcare facilities by providing essential medical equipment. The Walloon Agency for a Quality Life (AViQ) was responsible

for managing and distributing the funds, ensuring that resources were effectively directed to hospitals, nursing homes, and care homes¹.

The funded actions led to a significant improvement in hospital infrastructures, making healthcare facilities better equipped to manage patient influxes and provide intensive care during the crisis. Concrete results include the acquisition of medical equipment, such as ventilation systems, air treatment systems, and room disinfection equipment, which significantly enhanced the capacity of facilities to respond to critical public health needs.

Despite the late implementation of actions, this measure helped make up for some of the delays experienced by beneficiaries and largely met the needs identified in the operational program. However, some aspects, particularly the creation of relaxation areas for healthcare staff, did not achieve the expected success. No significant progress was made in improving entry and exit flows, but the overall capacity of infrastructures to address the challenges posed by the pandemic was strengthened.

Additionally, Measure 8.1 contributed to the development of a mapping of healthcare infrastructure equipment, which will certainly enable better resource management and a more effective response to future public health crises. Therefore, this measure played an important role not only in the immediate management of the COVID-19 crisis but also in strengthening healthcare infrastructure to get ready for the future crises.

Measure 8.2

Measure 8.2 of the REACT-EU axis aims to support the digital recovery of SMEs in Wallonia. Its main objective is to improve the digital maturity of small and medium-sized enterprises, enabling them to adopt advanced digital solutions to enhance their competitiveness. Through this measure, SMEs received grants to develop their websites, improve their online stores, and integrate digital tools to optimize their operations. This had a particularly beneficial effect on small businesses, which often have limited resources to invest in digital transformation.

The results of Measure 8.2 show a significant increase in the digital maturity level of SMEs, with a notable rise in the Digiscore, a tool used to measure the digital maturity of businesses, provided by the Digital Agency. The targets of the measure were widely exceeded, reflecting the success of the initiative in supporting digital transformation. However, the short implementation deadlines sometimes posed challenges, particularly forcing some beneficiaries to rely on subcontracting to meet deadlines.

Due to a subsidy model covering 90% of costs, some service providers were able to increase their rates beyond market-level prices, leading to a less financially efficient use of funds for businesses. Despite this, external service providers played a crucial role in improving the websites and developing the online stores of SMEs. However, the impact on cybersecurity was more limited than expected, suggesting that improvements in this area may be necessary to strengthen the digital resilience of businesses in the future.

Measure 8.3

Measure 8.3 of the REACT-EU axis was designed to strengthen research and innovation in the healthcare sector in Wallonia. The main objective of this measure was to support the acquisition of cutting-edge equipment and the funding of researchers to address the needs identified in the Operational Programme and encourage innovative research. By providing resources for equipment and research staff, the measure aimed to increase research capacity and foster the emergence of new solutions and technologies in healthcare.

The projects funded by Measure 8.3 successfully met the established targets, with nearly full budget utilization. This reflects the efficiency in the use of funds and the success of the

¹ It should be noted that, despite the €35 million available under this measure, only slightly more than €9 million was utilized. This underspend amount can be explained by several factors: a lower number of beneficiaries than initially targeted, a high dropout rate, as well as beneficiaries failing to comply with public procurement regulations or submitting ineligible expenditures.

supported initiatives. The acquired cutting-edge equipment directly contributed to enhancing the research capacities of institutions and promoting innovative projects. The funding provided to researchers also played a key role in advancing knowledge and practices in the healthcare field.

Additionally, the measure had a notable impact on networking among healthcare research stakeholders. It facilitated improved collaborations between researchers and institutions and supported the development of spin-offs, thus helping to energize the research and innovation sector. Finally, Measure 8.3 was able to build on existing projects in other axes of the PO FEDER.

Measure 8.4

The projects under Measure 8.4 of the REACT-EU axis, which were also able to build on parent projects, focused on supporting innovation and research within the context of the digital and ecological transition in Wallonia. Specifically, this measure aimed to fund the acquisition of advanced equipment and support research projects, thereby contributing to the adaptation of infrastructures and research capacities to current challenges.

The acquisition of cutting-edge equipment and the funding of researchers facilitated adaptation to challenges related to digital innovation, enabling the development of advanced solutions to meet market needs. Regarding environmental issues, the acquisition of advanced equipment and support for research contributed to significant technological advancements. The funded projects in this context aim to reduce greenhouse gas (GHG) emissions and promote the energy transition. However, the tangible results on GHG reduction have not yet been achieved. The direct impact will be more clearly observable once the technologies developed are widely adopted by industries.

Measure 8.5

The project of the City of Mons, funded under Measure 8.5 of the REACT-EU axis, played a crucial role in revitalizing the local economy and promoting culture. By supporting three major events (the MIRO and RODIN exhibitions at the Fine Arts Museum (BAM), as well as an art exhibition at Place des Congrès), the project attracted a significant number of visitors.

The initiatives implemented had a notable impact on the economic development of Mons. The promotion of the exhibitions through international communication campaigns, including active outreach to various groups and the use of social media, enhanced the visibility of the city both on the cultural and tourist stages. This support not only attracted local visitors but also international ones, contributing to the activity of local merchants and local hotels and restaurants, as well as creating new opportunities for local artists.

The results demonstrate a positive contribution to tourism and culture, with a significant increase in visitor numbers and favorable economic impacts. The project also helped strengthen the image of Mons as a leading cultural destination. The positive outcomes observed highlight the importance of cultural events for economic development and the promotion of a city on the national and international stage.

Measure 8.6

Measure 8.6 of the REACT-EU axis aims to improve energy efficiency in small and medium-sized enterprises (SMEs) in Wallonia. With a total budget of 28 million euros, representing 33.46% of the total REACT-EU budget, this measure has been crucial in supporting companies in their transition towards greater energy efficiency. The initiative is implemented through NOVALLIA, which plays a central role in financing energy projects.

NOVALLIA has enabled a significant improvement in the energy efficiency of SMEs, primarily focusing on the installation of photovoltaic panels. This support had a direct impact on the competitiveness of businesses by allowing them to free up financial resources for other investments. The acquisition of these systems strengthened the position of SMEs in the

market by optimizing their energy consumption and reducing operational costs. Measure 8.6 primarily benefited very small businesses, which greatly benefited from the funding to improve their energy infrastructure.

The results show that Measure 8.6 exceeded its initial objectives significantly. With 229 companies supported, compared to the 114 originally planned, the measure doubled its target, generating a substantial leverage effect. Although this measure also built on a prior system, this success reflects the measure's effectiveness in achieving its goals and supporting the energy transition of SMEs.

6. Transversal Findings

Leverage effect from a parent project or similar framework

The connection with a parent project proved essential in maximizing results, particularly in the context of Measures 8.3 and 8.4. By building on existing assets in terms of materials, methodologies, and knowledge, beneficiaries were able to mitigate risks and accelerate the implementation of actions. This continuity allowed for the optimization of human resources, tools, and networks, thus reinforcing strategic coherence and facilitating the integration of new initiatives. Similarly, for Measure 8.2, the existence of a similar framework enabled the rapid deployment of the initial REACT-EU vouchers, despite delays with voucher 3 due to the lack of an initial legislative framework.

This dynamic was also evident in Measure 8.6, where reliance on a previous system led to results exceeding expectations. In each case, the prior existence of projects or frameworks not only accelerated implementation but also amplified impacts, demonstrating the importance of leveraging past successes to optimize future interventions.

Eligibility period

The eligibility period for the REACT-EU axis, defined for a relatively short duration, presented challenges for some project holders. Confronted with tight deadlines, some beneficiaries lacked sufficient time to implement and finalize their actions optimally. Various administrative and logistical difficulties, along with complications related to coordination between different stakeholders, led to delays. These setbacks further reduced the available time to achieve the set objectives. Given these constraints, it was sometimes difficult for project holders to fully maximize the use of allocated funds and demonstrate the expected impact within the timeframe ending on December 31, 2023.

Clarity of targets / Indicators

The definition of indicators posed challenges within the REACT-EU axis. Some project holders did not distinguish specific objectives for the REACT-EU project, instead relying on the targets set for their parent project. This lack of specificity made it difficult to evaluate the results and measure the achievement of the objectives.

Asymmetry in efficiency levels

An asymmetry in efficiency levels was observed between the different measures of axis 8. As mentioned, Measures 8.3 and 8.4 leveraged significant leverage, maximizing results by building on previous projects and existing resources. The same applies to Measures 8.5 and 8.6, which benefited from a parent project or similar mechanism. For Measure 8.2, some service providers took advantage of the situation to increase their rates, rising from an average of €750 to €975 per day. This was encouraged by the coverage of 90% of costs through the voucher, which led beneficiaries to be less concerned about the total amount billed. For Measure 8.1, despite the initial non-consumption of allocated resources (€35 million), the results achieved are relatively positive compared to the final budget used (€9,716,581.55), with 209 healthcare facilities involved out of an initial target of 500.



7. Overall conclusion

In conclusion, the REACT-EU axis proved to be a crucial lever for recovery during the COVID and post-COVID crises, providing tailored solutions to the most affected sectors and stimulating the economy. Administrations, intermediary bodies, and project beneficiaries demonstrated adaptability despite various constraints. Proactive resource management allowed for the optimization of time and available budget, turning challenges into opportunities. This ultimately led to tangible results for the supported initiatives.