



Audit of the ecology premium in the Flemish Region

Framework, attribution and evaluation

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Definition (1)

- The ecology premium = a financial grant for certain ecological investments made by enterprises in Flanders (2004-2012; different regulations; under administration of the agency Enterprise Flanders)
- Objective = encourage enterprises to green or to make their production process more sustainable

Definition (2)

- The premium = a form of aid for environmental protection (application of the European General block exemption Regulation)
- Measure within the framework of the European climate and energy policy and within the EU Energy 2020 strategy (20-20-20 targets)

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Research design and methods (1)

- Purpose: audit of the framework (policy objectives, budgetary and legal framework), the policy implementation and evaluation
- Methods: document analysis, interviews, study of files, survey of enterprises

Research design and methods (2): survey of enterprises

- Survey of 229 enterprises participating in the third call of 2010
- Response rate: 42 %

	Summoned	Answered
Favourably ranked	64	29 (45 %)
Unfavourably ranked	165	67 (41 %)

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Framework - Objectives

- The measure is mentioned in different policy documents
- No operational objectives: neither in the economic field, nor in the ecologic field
- Consequence: no evaluation possible of the contribution to the realisation of the policy objectives.

Framework – Budgetary and legal

- Appropriations and expenditures fluctuate greatly over time (related to changes of the legislation and to the economic situation)
- Simulations in order to estimate the required resources are insufficiently adequate
- Legislation is frequently changed: results in a loss of predictability of the premium

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Policy implementation - Supervision

- Most of the files are handled correctly
- Supervision by the Economic Support Policy Department = summary and not always uniform
- Supervision by the Inspection Department = more thorough (based on a risk analysis); results in many recoveries

Policy implementation – Stimulating effect of the premium

- Definition: the support must lead to additional investments = the enterprises would not have performed their investments in the same way without the premium
- Control of the stimulating effect through the web request application is insufficient
- Result of the survey of enterprises: the premium has but a limited stimulating effect

Answers	Small enterprise	Medium enterprise	Large enterprise	Total
The same investment	1 (2%)	9 (50%)	2 (50%)	12 (17%)
The same investment, but later	2 (4%)	9 (50%)	0	11 (15%)
An investment with an (environmental) less performant technology	1 (2%)	0	1 (25%)	2 (3%)
An investment on a smaller scale	9 (18%)	0	0	9 (12,5%)
No comparable investment	31 (62%)	0	0	31 (43%)
No decision yet regarding an investment	6 (12%)	0	1 (25%)	7 (10%)



Enterprises that obtained a favourable decision where asked if they **would have done the same investment without subsidy.**

→ 32 % would have done so

Answers	Small enterprise	Medium enterprise	Large enterprise	Total
The same investment	45 (58%)	15 (94%)	5 (19%)	65 (55%)
The same investment, but later	0	1 (6%)	1 (4%)	2 (2%)
An investment with an (environmental) less performant technology	1 (1%)	0	3 (12%)	4 (3%)
An investment on a smaller scale	0	0	4 (15%)	4 (3%)
No comparable investment	31 (40%)	0	13 (50%)	44 (37%)
No decision yet regarding an investment	0	0	0	0



Enterprises that obtained a negative decision where **asked if they had actually** done the investment without subsidy.

→ 57 % actually did

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Policy evaluation

- No outcome-evaluation of the premium
- Not feasible in the absence of proposed objectives
- Consequence: a number of changes to the premium regulation were insufficiently substantiated

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Preliminary conclusions (1)

Final report not yet approved by the Court

- Translate the strategic objectives into operational objectives (economic and ecological)
- Evaluate the objectives periodically
- Underpin policy adjustments thoroughly
- Temper the frequency of adjustments to the legislation

Preliminary conclusions (2)

- Pay more attention to the stimulating effect of the premium
- Report exhaustively and uniformly about the budgetary appropriations and their consumption
- Treat the grant applications more uniformly and use minimal accountability requirements for the payment of the premium instalments